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ABSTRACT

This guide draws on case studies to identify lessons for small and midsized firms who wish to improve the quality of their services and facilitate change. Following an introduction, section 2 describes the context in which the research was undertaken after a needs analysis was conducted of small and midsized businesses and service providers, and defines the research objectives. Section 3 outlines the study methodology--case studies of exemplary programs. Section 4 provides a framework for identifying models of service delivery. These models are described as determined by decisions related to client grouping (region, industry, or company) and integration capacity (competency focus, full service provider, or full service broker). Section 5 highlights the common lessons learned from the programs: understand the community/company; exercise proactive leadership; maintain a customer focus; seek alliance with kindred spirits; pursue small victories; do not ignore process; diversify champions and funding sources; be focused but flexible; and take time to reflect. Section 6 presents six models for providing comprehensive, integrated services. Each case study has these components: program description, results, history, structure, and issues to consider. Section 7 presents three models for providing services in specific areas: workplace literacy, work restructuring, and labor-management relations. Section 8 contains lists of the National Workforce Assistance Collaborative's board councils, products, and services. (YLB)

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ED 412 385

NATIONAL WORKFORCE ASSISTANCE COLLABORATIVE

Delivering Integrated Services

MODELS FOR FACILITATING CHANGE IN SMALL AND MID-SIZED FIRMS

NATIONAL ALLIANCE OF BUSINESS

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*The **National Workforce Assistance Collaborative** builds the capacity of the service providers working with small and mid-sized companies in order to help businesses adopt high-performance work practices, become more competitive, and ultimately advance the well-being of their employees. The Collaborative was created through a cooperative agreement grant from the **U.S. Department of Labor** to the **National Alliance of Business**. Current partners on the project include the Council for Adult and Experiential Learning, the Institute for the Study of Adult Literacy at The Pennsylvania State University, the Maryland Center for Quality and Productivity, and the National Labor-Management Association. The Collaborative provides assistance in four areas: employee training, labor-management relations, work restructuring, and workplace literacy. For more information, contact the National Alliance of Business, phone: 800/787-2848; fax: 202/289-2875; e-mail: INFO@NAB.COM.*

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National Alliance of Business
Distribution
P.O. Box 501
Annapolis Junction, MD 20702
Phone: 800/787-7788
Fax: 301/206-9789
E-mail: INFO@NAB.COM

Delivering Integrated Services

By
Stephen M. Mitchell

August 1997

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Introduction

Audience

This guide is for individuals and organizations in a position to facilitate change in small and mid-sized companies. This includes business and labor leaders in small and mid-sized companies, as well as the numerous organizations that provide business services to small and mid-sized firms: community colleges, universities, trade and professional associations, labor unions, manufacturing extension programs, literacy and training programs, labor-management associations, private industry councils, non-profit organizations, and private consulting firms. In particular, this guide is for those leaders and service providers who recognize that improving companies' productivity requires assistance in multiple areas, and demand that service providers deliver comprehensive and well-integrated technical assistance.

Purpose

In order to stay competitive, most businesses are engaged in some form of change. For many companies, staying profitable involves adopting new technologies, restructuring work processes, and upgrading employees' knowledge, skills, and abilities, as well as redefining the relationship between employers and employees.

Change is difficult. Companies often need outside assistance to help them make the *workplace* and *workforce* changes needed to compete in a global economy. This is particularly true of the small and mid- sized companies that play such a critical role in our economy. With their perennial shortages of time, money, personnel, or know-how, successful change is difficult.

Educational institutions, non-profit organizations, and private consulting firms can help companies make needed changes. These and other service providers can facilitate a company's change effort by helping companies select the technologies most appropriate for their businesses, assisting in the redesign of work processes and employer-employee structures, and upgrading employees' basic and technical skills. Facilitating comprehensive, integrated change in small and mid-sized firms – change that encompasses both the workplace and the workforce – is complex and demanding. This publication draws on case studies of programs established to provide such assistance in order to identify lessons for others who wish to improve the quality of their services and facilitate change in small and mid-sized firms.

Structure

Delivering Integrated Services is divided into eight sections:

1. *Introduction* – Identifies the target audience, provides a statement of purpose, and outlines the structure of the guide.
2. *Context* – Describes the context in which this research was undertaken and defines the research objectives.
3. *Methodology* – Outlines the methodology used in this study.
4. *Models of Service Delivery* – Provides a framework for identifying models of service delivery.
5. *Lessons Learned* – Highlights the common lessons learned from these different programs.
6. *Integrated Services: Case Studies* – Presents six models for providing comprehensive, integrated services to small and mid-sized firms.
7. *Content-Specific Services: Case Studies* – Presents three models for providing services in specific areas (i.e., workplace literacy, work restructuring, and labor-management relations).
8. *Appendices* – Contains lists of the Collaborative's Board and Councils, as well as the Collaborative's products and services.

Context

The National Workforce Assistance Collaborative (NWAC) was established in the fall of 1993 by the U.S. Department of Labor through a cooperative agreement with the National Alliance of Business and its partners. It was created to help small and mid-sized businesses adopt high performance work practices, become more competitive, and ultimately, create and retain high-skill, high-wage jobs for American workers. The Collaborative meets this objective by preparing service and information providers (e.g., community colleges, manufacturing centers and programs, training and literacy providers) to better meet the needs of businesses in four areas: employee training, labor-management relations, work restructuring, and workplace literacy.

In its first year, the Collaborative conducted a needs analysis of both small and mid-sized businesses and service providers. That needs analysis included

- Extensive discussions with the Collaborative's five advisory bodies (advisory board and four advisory councils, one in each of the four substantive areas represented by the Collaborative);
- A series of focus groups with employers, employees, and service providers (six service provider focus groups, seven business focus groups, and five employee focus groups in ten different cities); and
- Situational analyses of the service delivery system in each of the four substantive areas covered by the Collaborative: employee training, labor-management relations, work restructuring, and workplace literacy.

Findings

A number of key points emerged from the needs analysis:

- **The adoption of high performance work practices requires an integrated change effort.** Change is a fact of life. To remain competitive in today's global economy, many companies are adopting new technologies; restructuring work processes; upgrading employees' knowledge, skills, and abilities; and redefining the roles of both labor and management. All of these changes are interrelated. New machines frequently require new work processes if they are to be fully utilized. New work processes can lead to changes in the locus of decision making and a redefinition of both labor's and management's roles. And training in a variety of skills, including basic reading, writing, and mathematics, is almost always necessary to put *any* other changes into place successfully.

  Many change efforts fail because they isolate changes in technology from changes in the workplace and changes in the skills needed to do the work. Successful change requires managing the relationship between these elements and demands a *comprehensive and well-integrated* change effort.
- **Effective change management is the key to making the transition to a high performance work organization.** There is a dramatic contrast between companies that embrace the changes that characterize a high performance workplace, and companies that struggle to fit these changes into an organization grounded in a more traditional management style. The difference between the two types of companies is in how they *prepare for and manage the change process.*

  A few business leaders are proactive – they have a positive vision for their companies as high performance workplaces and

they set out on a carefully planned journey to make that vision a reality. Some business leaders have a vision, but lack a plan to make that vision a reality. Employees in these organizations typically express frustration that their leaders do not "walk the talk." Other business leaders operate in a reactive manner, implementing changes in response to continually emerging crises with no plan or vision of the cumulative effect of these changes on the productivity of their firms.

- **Change can be facilitated if companies make good use of service providers and other available resources.** Many of the tactics and techniques for becoming high performance work organizations are best observed in large companies with resources for long-term investments. There are, however, alternative strategies and resources that can help small and mid-sized firms, and others with limited resources, make the transition to high performance workplaces. Some important resources are
  - **Local community colleges.** Practically all community colleges have business and industry divisions or similar units that provide technical assistance assessing business skill needs, designing and offering responsive training programs, and counseling employees on their personal career plans. These divisions have staff with expertise in analyzing companies' skill training needs and assessing individual employees' aptitudes, interests, and skill levels using professionally-recognized testing and assessment instruments. They can also help design customized curricula and arrange for training courses to be delivered at the employer's worksite.
  - **Trade associations and labor unions.** Many trade associations and labor unions have experience predicting the future of their industries, as well as future skill needs. This information can be extremely helpful for identifying and classifying business skill needs. In addition, some trade associations and unions provide training programs directly to their members.
  - **Government agencies.** The federal, and many state and local governments, actively support workplace and workforce development as a foundation for economic prosperity. Programs supported by the Department of Labor, Commerce Department, Education Department, and Small Business Administration are a potential source of resources to support a business' change effort.
  - **Other non-profit organizations.** There are a variety of other non-profit organizations that can serve as valuable resources as employers and employees work to create high performance workplaces. Chambers of commerce, manufacturing extension programs, literacy volunteers, and others dedicated to adult education and workforce and economic development may each serve as an important resource.
- **The service provider networks are not organized to deliver comprehensive, integrated services.** The situational analyses revealed that none of the four areas covered by the Collaborative provides a coordinated delivery system. Most service providers working with companies have expertise in one area and deliver a particular set of services. However, companies have issues requiring multiple services to solve, demanding providers that can deliver *comprehensive and well-integrated* technical assistance. Addressing companies' array of issues requires understanding the totality of a company's change effort. For many service providers, this requires crossing traditional boundaries and developing new approaches to delivering services to business. Few providers have a clear idea how to best begin this task.

Research Objectives

The increased availability of comprehensive, well-integrated technical assistance could enhance the competitiveness of small and mid-sized firms. The Collaborative's needs analysis indicated that supplying these services represented a significant business opportunity for willing service providers. These findings led the Collaborative to initiate research on the service providers' role in providing comprehensive, integrated services to small and mid-sized firms. The objectives of this research were to

- Identify and present viable models for delivering comprehensive, integrated services to small and mid- sized firms; and
- Provide guidance on how to develop a program providing comprehensive, well-integrated technical assistance to small and mid-sized companies.

Methodology

There are many exemplary service providers delivering comprehensive, well-integrated services to facilitate the transformation of small and mid-sized businesses to high performance work organizations. The Collaborative asked members of its advisory board and four advisory councils (employee training, labor-management relations, work restructuring, and workplace literacy) to identify exemplary service providers.

Collaborative staff then conducted case studies of a sample of the programs on this list. A research team visited each site, reviewed secondary material, and talked to program managers, delivery staff, and clients. Each case study looked at 1) the history of the organization and how the nature of its services changed over time; 2) the approach the organization took in working with clients; and 3) the structures, processes, and skills necessary for the organization's success. Based on this information, a member of the research team prepared a summary description of the program.

The cases included:

- **Alpena Community College** upgrades the skills of the workforce in order to bring economic development to rural and isolated northeastern Michigan. It develops customized training to meet the specific needs of the companies it serves, and has been able to effectively coordinate the delivery of workplace literacy and technical training programs. Its curricula reflect the real-world demands of the workplace even in programs for traditional students.
- **Baltimore Center for Port-Related Industries** brings all of Baltimore port's public and private enterprises and its union locals into an association focused on making Baltimore's the highest quality port on the eastern seaboard. The center provides basic skills, technical, and quality-related training to the longshoremen, and quality consulting services to the port's public and private enterprises.
- **Bay State Skills Corporation (BSSC)** is a quasi-public organization created to fund industry-driven training services. Since its initial creation, BSSC has expanded its mission to include assistance in work restructuring, and had begun to build connections between its workforce development and workplace innovation efforts.
- New York's **Garment Industry Development Corporation (GIDC)** provides skill upgrade training to sewing machine operators and other garment industry workers; restructuring assistance to retailers, manufacturers, and contractors; and marketing services to manufacturers.
- **Harford Systems, Duracool Division**, the winner of a 1993 U.S. Senate Productivity Award in Maryland, shows how the delivery of integrated services can be orchestrated by a company as part of its strategic plan. Duracool engaged experts in labor-management relations, work restructuring, and training at the point where each was necessary to implement the company's improvement plan.
- The **Maryland Center for Quality and Productivity (MCQP)** was originally established to help improve the competitiveness of the Maryland economy by encouraging management practices stimulating improved productivity, quality of working life, and labor-management cooperation. The center has since evolved and now focuses on total quality as a means of achieving its goals. MCQP's comprehensive approach to total quality helps its clients build the ownership and commitment critical for both short-term and sustained results.

- **Philadelphia Area Labor-Management Committee (PALM)**, originally established to deal with plant closings and the loss of jobs, has evolved to become the Delaware Valley's resource for labor-management cooperation. PALM's strategy results in cooperative efforts that improve the skills and productivity of workers and management, stimulate regional economic development, and strengthen existing industries.
- **Right Place Program (RPP)** began as the economic development arm of the Grand Rapids chamber of commerce. Its customer-driven programs have pushed the envelope of community economic development.
- **Work in Northeast Ohio Council (WINOC)**, with expertise in labor-management relations and work restructuring, and the **Cleveland Advanced Manufacturing Program/Great Lakes Manufacturing Technology Center (CAMP/GLMTC)**, with expertise in manufacturing technology, demonstrate how integrated services can result from a strategic alliance between partners.

The case studies were conducted between fall, 1994 and fall, 1995. The first drafts of the cases were written between spring, 1995 and spring 1996. Collaborative staff reviewed the case studies to identify recurring themes reflecting common experiences across the sites. These themes were then used to determine the "lessons learned" from the programs.

These organizations face the constant change that confronts every organization in today's economy. To capture any changes in the case sites that occurred while this publication was being written, case study updates were prepared in April, 1997. Several of the sites went through significant transitions since their original case study: the Baltimore Center for Port-Related Industries has been reconstituted as Port-Wide Total Quality; BSSC and the Industrial Services Program merged to become the Corporation for Business, Work, and Learning; and Duracool Division's management bought the company from Harford Systems and formed Harford Duracool, LLC. None of these transitions invalidate the reasons these sites were chosen as models of integrated service delivery. Indeed, the updates indicate that the elements that contributed to each site's success are the same elements that enable the sites to take advantage of the opportunities present in change.

Models of Service Delivery

There is no one best way to organize for and deliver integrated services to small and mid-sized companies. The different approaches taken in the individual cases present a range of alternatives for service providers interested in developing their own programs. Specific models of service delivery begin to emerge from two strategic decisions: client grouping and integration capacity.

Market Segment

Integrated services are delivered to some targeted customer group. The primary criteria for customer targeting is the focus of this strategic decision. Three different criteria can be observed in the case studies:

- **Region.** Three of the programs target their services to specific geographic regions. Bay State Skills Corporation (BSSC) was created by the Massachusetts legislature to provide services in that state. The alliance between Work in Northeast Ohio (WINOC) and the Cleveland Advanced Manufacturing Program/Great Lakes Manufacturing Technology Center (CAMP/GLMTC) emerged from a regional effort to promote economic development. The Right Place Program (RPP) began as the economic development arm of the chamber of commerce in Grand Rapids, Michigan.
- **Industry.** Two of the case studies target specific industries. The Baltimore Center for Port-Related Industries focuses on making Baltimore's the highest quality port on the eastern seaboard. New York's Garment Industry Development Corporation (GIDC) provides a variety of services within the garment industry. (CAMP/GLMTC, considered by itself, is more appropriately classified as targeting the manufacturing industry.)
- **Company.** One of the case studies focuses on a company-orchestrated change effort. Harford Systems, Duracool Division engaged diverse experts at the point where each was necessary to implement the company's improvement plan.

It is important to recognize that client grouping can be approached at multiple levels. While GIDC's services are concentrated in the New York City area, its primary focus is on the garment industry. Similarly, RPP's programs emphasize manufacturing, but its primary focus is on the economic development of the Grand Rapids region. Individual companies, their employees, or potetnial employees are the ultimate target of every program. The primary criteria for targeting a customer group is an imperative for the delivery of services. It is the requirement that follows the phrase, "Deliver services to..." It helps define the program's "primacy of purpose." That purpose should be the ultimate guide in the development and evaluation of alternative products and services.

Integration Capacity

The delivery of integrated services at the company level requires the ability to meet multiple needs. This is a difficult challenge. Strategically, service providers need to decide what they will do and what they will not do.[1] A program's strategy is influenced by its capacity, i.e., its breadth (extent to which the staff's technical skills enable the program to deliver a range of services), depth (ability to innovate

[1] See *Identifying and Targeting Market and Customer Segments*. Washington, DC: National Alliance of Business, 1997.

and tailor services to fit the needs of a particular environment), and reach (number of clients a service provider can handle at the same time). The programs studied used different strategies to achieve the capacity to address a company's problems.

- **Competency focus.** Most service providers elect to focus on a relatively few speciality areas; as a consequence, few providers can meet all the needs of their business clients. For many providers, focusing on a single competency is a sound business strategy.

  Three of the case studies were chosen as exemplars of best practice in a given area: Alpena Community College in workplace literacy, Maryland Center for Quality and Productivity in work restructuring, and Philadelphia Area Labor-Management Committee in labor-management relations. (WINOC, by itself, may be considered as exemplifying a competency focus in labor-management relations.) Each of these programs maintains a competency focus.

  These programs in specific content areas offer an important lesson: they demonstrate the impossibility of isolating service to a single content area. Since the market is likely to respond more favorably to a service provider that can meet a range of needs, it is sometimes necessary for service providers to increase their capacity by forming alliances with other providers.

  For example, providers of total quality consulting services – such as MCQP – rarely possess expertise in literacy issues. However, total quality cannot be effectively implemented unless all employees possess sufficient verbal and math skills to profit from the training and to utilize basic group problem-solving techniques. Therefore it would make sense for total quality service providers to develop partnerships with literacy providers in order to offer a more complete service to clients (e.g., MCQP refers clients to literacy services available from local community colleges, as appropriate).

- **Integrated services.** Programs that elect to offer integrated services, i.e., to address an array of company needs, are confronted with the classic business "make" or "buy" decision. In this case, "make" refers to those services that will be delivered through in-house people, while "buy" refers to those services that will be delivered through affiliations with partners. The two ends of the continuum are
  - **Full service provider.** A full service provider provides a full range of services using in-house staff. The Baltimore Center for Port Related Industries and the Garment Industry Development Center are the closest among our cases to being full service providers.
  - **Full service broker.** A full service broker provides a full range of services through alliances with external providers. These alliances may be in the form of referrals or contracted services. The Right Place Program, Bay State Skills Corporation, and CAMP/GLMTC are each full service brokers. Harford-Duracool is a pure broker, selecting service providers to meet its needs.

  Private sector companies have found that alliances and partnerships with other firms, even competitors, are wise strategic choices in today's competitive environment. This same lesson applies to service providers: alliances and partnerships are a good way to offer integrated services to business clients.

Conclusion

The specific model of service delivery in a program is determined by strategic decisions related to client grouping (region, industry, or company) and integration capacity (competency focus, full service provider, or full service broker). The following table captures the possible models emerging from these decisions.

	Client Grouping		
Integration Capacity	**Region**	**Industry**	**Company**
Competency Focus	Alpena Community College, Philadelphia Area Labor-Management Committee, Maryland Center for Quality and Productivity, Work in Northeast Ohio Council		
Full Service Provider		Baltimore Center for Port-Related Industries, Garment Industry Development Corporation	
Full Service Broker	Right Place Program, Bay State Skills Corporation	Cleveland Advanced Manufacturing Program/ Great Lakes Manufacturing Technology Center	Harford Systems Duracool Division

Lessons Learned

Individually and collectively, these programs offer valuable lessons to service providers on delivering integrated services. The following "lessons learned" capture the common experiences from the case study sites. Awareness of these lessons can help other service providers develop their own effective integrated service programs. Each lesson includes illustrations from the cases demonstrating different ways the lessons can be implemented.

Understand the Community/Company

Programs operate within a community; success requires understanding that community. Some program leaders are very explicit about this. For example, the people at RPP were quick to point out some unique aspects of Grand Rapids that contribute to that program's success: politically, Grand Rapids is very conservative, and local institutions tend to be private-sector driven. Community leaders, once they commit to supporting a program, do not meddle in an initiative's operation. Since 60 percent of the companies in Grand Rapids are privately owned, it is possible for RPP to reach the majority of the region's business owners. The size of Grand Rapids allows the RPP to identify and take advantage of the providers and resources in the region.

Programs that did not explicitly acknowledge the importance of understanding the community had leaders who were well-connected to the community, and understood the community's history and politics. The Collaborative's studies suggest that this knowledge plays a critical role in determining program success.

The influence of the community does not always require an explicit understanding or use of political contacts. Businesses and industries regard Alpena Community College as a partner in their efforts. In Alpena, as in other rural areas, delivering on promises is critical, because these promises are made to friends, neighbors, and associates. Because ACC is local, always there, and accountable, the relationship between the college and the area's businesses is a positive one.

Lessons Learned

- Understand the community/company
- Exercise proactive leadership
- Maintain a customer focus
- Seek alliance with kindred spirits
- Pursue small victories
- Do not ignore process
- Diversify champions and funding sources
- Be focused but flexible
- Take time to reflect

Individual companies are the ultimate target of an integrated change effort. Harford-Duracool demonstrates that the importance of understanding community applies at the firm level as well. Understanding Harford-Duracool – its history and its current situation – was critical to the development of a change plan. As with any organization, Harford-Duracool had to overcome resistance to change. In the early stages of the change effort, employees used to years of autocratic management were skeptical and mistrusted management. In order to succeed, Harford-Duracool's change effort had to generate employee commitment. A history of unprofitability also hindered change. The poor financial situation was a barrier to investing in new systems or technology. Harford-Duracool's new president had to first stop the hemorrhage of "red ink" before he could begin the process of modernizing the company's processes.

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Exercise Proactive Leadership

Strong leadership is critical to any program's success. Three aspects of leadership are paramount:

- **Create a vision.** Successful programs have a compelling purpose. Leadership is exercised by people who communicate and motivate others and provide a vision for the future. The most effective vision offers a positive image of a future in which crisis has been replaced by prosperity. The vision also outlines, in broad strokes, how this future will come to be. These broad strokes leading to the future capture the purpose of the service program.

  In the Baltimore port center, leadership was exercised by people who could communicate a vision for the port and pull all of the necessary people and resources together to make that vision a reality. Their vision is to make Baltimore the number one port on the east coast. Total quality, and the customer orientation underlying quality, is the strategy for making this vision a reality.

  In Harford-Duracool, the new president provided consistent, visionary leadership. He began a systematic, deliberate process to lay the foundation for sustained performance and profitability. Similarly, PALM's vision of stable labor-management relations as a pillar for economic development provides a clear and consistent focus to its programs and activities.

  Change is a "wrenching" undertaking, destabilizing, and discomforting. Making a vision a reality requires a comprehensive approach and the willingness to take risks. It even requires a "leap of faith." Leaders must demonstrate a heavy dose of *courage* – the willingness to take risks, and to behave, think, and act differently. Each of these programs demonstrated a willingness to confront biases and traditions "head on," and push for change.

- **Exercise political savvy.** A program's success depends, in part, upon a leader's ability to obtain and sustain support for the initiative. This requires political savvy. For example, key members of MCQP's first advisory board had significant political clout. This influence was instrumental in attaining the preliminary funding from the university, at the center's inception, that guaranteed the center's survival. One of GIDC's greatest strength is its tri-partite base (labor, industry, and government). While this partnership is not always easy, it is durable. The program can weather temporary declines in support from one partner.

  The program's vision can play an important role in obtaining political support. PALM's vision of stable labor-management relations as a pillar for economic development provides it a unique "market niche" – no other economic development agency concentrates on this relationship. PALM's leadership, taking advantage of its extensive stakeholder network, has used this vision to forge collaborations between business, labor, and government in select program areas.

- **Build trust and commitment.** Leaders cannot run programs by themselves. Effective leaders generate commitment to the program – from employees, stakeholders, and customers. They create a team. It is one thing to bring people together and call them a team; it is quite another to have each person commit himself or herself to the endeavor. The leadership challenge is to obtain *honest* commitment: if you do not have it, the program will not work.

  Change efforts must emphasize substance over form. This means that leaders must set the example, deliver what they promise, model the behavior they expect from their partners, and hold each other accountable for results. Arley Mead, president of Harford-Duracool, exemplifies this aspect of leadership. He listened to the employee "experts," coached the management team, gained the

trust of everyone, and most importantly, demonstrated high levels of personal integrity. When Mead said he would do something, he did it. When he asked someone to do something, he followed up to make sure it was done. It was through such personal acts that he demonstrated his leadership and gained the trust of his partners.

The Baltimore center is a team effort. All of the major stakeholders feel vested in the program. The team concept has been communicated to everyone; from the lowest worker to the top of the organization, everyone must be part of the team. This has helped to generate communication, trust, and a willingness to work together to solve problems. Center staff are particularly proud of the commitment of both labor and management to the port project. This commitment is grounded in the union's realization that it has to be efficient to retain jobs, and management's recognition that it has to be competitive to survive.

We are accustomed to thinking of top management as the leaders of an organization. It is true that the presidents and other top managers exercised leadership in each of the programs we studied. But more importantly, their success as leaders – their ability to communicate a vision, obtain political support, and build trust and commitment – enabled additional leaders to emerge from each stakeholder group.

Maintain a Customer Focus

Many organizations, in an effort to become more customer-focused, are concentrating on the quality of their products and services. Quality, however, is defined by the customer. Being customer focused requires an on-going process for identifying customer segments, determining customer expectations, and delivering programs and services that meet these expectations.

- **Clearly define your target market.** The visions for the programs studied were not marketing or business plans. Rather, each vision was the starting point for developing more detailed operational plans. In all cases, these operational plans started by clearly identifying the program's target customers.

  Already established parameters may help define a program's customers. These parameters may relate to the vision. For example, the Baltimore port center's vision of Baltimore as the number one port of the east coast delineates the companies and workers in the port as the primary customers. GIDC's vision is also industry specific. Therefore, it tailors its programs and services to meet the needs of its garment industry clientele. Funding constraints may also help identify customers. RPP is first and foremost a business-originated and business-led service entity. This strong tie to the business community means that RPP is ultimately responsible to these businesses.

  Other programs use different criteria to select target markets. For example, PALM identified seven institutions with very visible labor-management climates as potential customers. In order to achieve significant change in its client companies, MCQP targets CEOs. Many of MCQP's information and learning services are designed to maximize contact with CEOs and lay the groundwork for future business opportunities.

  Having a clear target market is prerequisite to achieving a customer focus. Once you know who your customers are, you can work on identifying the customer requirements your programs must meet.
- **Partner with your customers.** Successful programs work hard at developing customer loyalty. They collaborate with customers in determining the customers' needs and objectives. Business involvement ensures the business relevance of providers' products and services. For example, BSSC is successful

because it responds to and confirms real business needs. It recognizes that you can't *sell* training to people, or business assistance to companies; they have to be willing to buy these things. BSSC takes the time to listen to the companies about their needs. It practices the art of saying "yes." BSSC helps its partners accomplish what *they* want to accomplish.

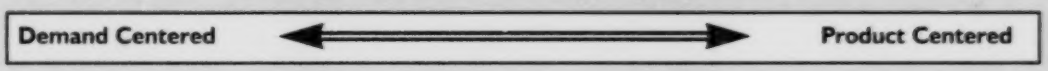
Customer involvement strategies can be arrayed on a continuum. One side of the continuum is demand-centered – these strategies bring together the people and organizations to whom services will be delivered, i.e., they define the market needs and seek out service providers capable of addressing those needs. Product-centered strategies occupy the other end of the continuum. These strategies pull together educational institutions, consultants, and others with the expertise required to service the program's customers. Product-centered strategies risk the danger of selling services that the partners have the capacity to deliver, but that may not be needed in the market. The middle portion of the continuum contains partnerships that deliver service packages developed in response to customer input. The degree to which services were designed in response to customer needs and based on customer input, as well as the ability to customize the offerings to meet the needs of individual clients, determines a program's relative position in the middle of the continuum.

Harford-Duracool is the pure demand-centered strategy. The company's transformation illustrates the evolutionary nature of change. Harford-Duracool drew upon a variety of service providers, matching the providers' expertise to key tasks in the company's strategic change effort. In the initiation phase, the company needed to provide a clear sense of direction and build trust. The vehicle used for these two purposes was the development of a gain-sharing program. In phase two, the company needed to improve competitiveness. This was done through the implementation of total quality management. Duracool used the service providers' ideas, but acted as the translator and implementation designer. The process was management – not consultant – led. BSSC's emphasis on the formation of learning consortia also makes it a customer partnership, as are RPP's continuous improvement user groups.

Cross and Smith (1995)[1] argue that the best programs are able to create a series of bonds with customers. These bonds include

- **Awareness bonds** serve as an information source to businesses. Meetings, newsletters, seminars, technical assistance hot lines, and advertisements are some of the mechanisms these programs use to educate and inform businesses about economic trends and company success stories.
- **Identity and relationship bonds** allow providers to stay in touch with customer needs. Small and mid-sized businesses want to work with service providers who are interested and involved in their companies and understand their needs.

Customer Involvement Strategies Continuum



[1] *Customer Bonds*, Richard Cross and Janet Smith, NTC Business Books, 1995.

They want service providers who will listen to them before offering solutions. They are looking for you to fit comfortably into their company cultures. "Good chemistry" between a provider and a small business owner is essential, since the owner often *is* the business. Sustaining a solid understanding of customer needs requires continuous use of multiple methods of data collection. Each of the programs in this study used both formal methods (e.g. surveys) and informal methods (e.g. visits and phone calls) to stay in touch with its customers.

- **Community bonds** create a place for companies to belong. Membership, advisory panels, and member committees are some of the mechanisms providers in this study use to create community bonds with customers. Organizing consortia is another important strategy for developing community bonds, particularly when serving small companies.[1] For example, RPP grounds its programs in consortia, enabling it to partner with companies, identify priorities, and design appropriate solutions. When creating community bonds, BSSC looks for significant willingness on the part of an industry to work with and be involved in BSSC's initiatives. BSSC has found that people only care about what they pay for or commit time to. Therefore, BSSC requires such contributions from its industry partners.
- **Advocacy bonds** let customers become your salespeople. RPP's use of local client firms as presenters at its conferences is a good illustration of advocacy bonds. It is not uncommon for a presentation to lead to the formation of a continuous improvement user group, one of RPP's core services. A different form of advocacy is evident in BSSC. By pulling together a group of companies in an industry, BSSC is able to get educational institutions to develop training and assistance programs the companies define. When BSSC's customers approach a college as a network of 40 companies, they are generally able to get courses designed specifically to meet their needs.

❑ **Deliver customer-focused programs and services.** Programs should address customer needs and satisfy customer requirements. A customer focus should be evident in both program content and delivery.

- **Content.** Success requires that service providers have the ability to customize their services to address each customer's unique business context. Program content should be tailored to each business; providers should not try to fit company needs into their off-the-shelf package of services. For example, the world class manufacturing model used in RPP's Performance Place allows companies to customize training to fit their specific needs. Companies work with RPP consultants to develop an organizational learning plan tailored to their needs.

  All classes in Alpena Community College's workplace literacy services are customized to meet the specific basic skills needs of the workers and are delivered on site at the workplace. ACC often uses materials from the workplace in instruction, teaching, for example, math skills using a particular workplace tool or instrument.

  A critical lesson emerging from the training program for the longshoremen's locals in Baltimore is that training is the second step; the first step is establishing

[1] See *Approaches to Forming a Learning Consortium*. Terri Bergman. Washington, DC: National Alliance of Business, 1995.

a relationship between the instructors and the International Longshoremen's Association (ILA) members, by building trust and educating instructors about the work the union members do. Port employees told curriculum developers what the workers do, how they do it, and why they do it that way. This knowledge allowed the instructors to develop job specific materials and an applied curriculum. With the workers' support and commitment, the instructors could then use this curriculum to help the workers implement new work processes and adopt new technologies.

- **Delivery.** Customer satisfaction and delight result from the service that surrounds delivery. "Delightful" service includes such activities as accessible telephone service, rapid quotes, rapid response to design changes, expert delivery, and customer-friendly billing systems. Service delivery should be tailored to meet customers' individual requirements (e.g., operating structures and schedules). GIDC's brochures, for example, are produced in Spanish and Chinese, as well as in English. BSSC serves as an interface between the companies and educational institutions it works with and the government bureaucracy. BSSC realizes that "facilitating the process" is one of the biggest services it can provide its partners. From the view of its business and education partners, BSSC is a non-bureaucratic, "agile" organization. It handles the paperwork. It pays out money quickly. BSSC knows that as the "exception" to programs burdened by red tape, it looks very good.

It takes trained, customer-focused, empowered employees to deliver services that result in customer delight. This means that the ability to attract and retain knowledgeable and committed staff is critical to any program's success. Each of the programs studied paid significant attention to attracting and retaining the right staff. For example, from its beginning, PALM has sought staff with backgrounds in training and economic development, not traditional labor-management relations. It has been successful in attracting young, aggressive staff, committed to PALM's vision.

Harford-Duracool provides a final lesson for service providers. It is vital for any organization that the leadership of the organization be viewed as the "drivers" of change. This role should not be abdicated to outside change agents. Duracool effectively listened to the advice of outside change agents, but translated their messages into Duracool language for deployment throughout the organization. In working with companies, service providers should adopt a strategy that keeps the organization in control of its change process, and allows the company to internalize the knowledge and skills the consultants provide within the company itself.

Seek Alliance with Kindred Spirits

The delivery of integrated services at the company level requires most service providers to form alliances with other providers. Partnerships can be difficult. Organizations developing strategic alliances or partnerships must understand each other's products and services sufficiently to know when to call the other and how to integrate their services. Incongruent expectations and turf battles illustrate the types of issues which, if not addressed up-front, can doom a partnership.

Whereas Dundalk Community College is organized by functions, the Baltimore port center operates by process – a natural mismatch. For example, the college wants to know what classrooms the center will need when it is creating its master schedule, while

the Center prefers a just-in-time approach, scheduling classes when the client is ready to learn. By creating alliances, the center also moves away from the traditional geographical boundary issues constraining many community colleges (the port is in Baltimore City, while Dundalk Community College is in Baltimore County). These differences are a challenge to the partnership between the center and the college. Similarly, RPP ran into temporary difficulty in its partnership with the Mid-West Manufacturing Technology Center (MMTC). The MMTC model assumes a staff of engineers and field agents. RPP's ability to operate as a virtual service provider provides an alternative model that requires MMTC to adopt new methods of coordination.

Specific competencies enable different service providers to play particular roles in a program partnership. These specific competencies also limit the roles each partner can play. Sensitivity to differences in competencies is both a key to successful partnership and a source of conflicts over turf. For example, some providers are sensitive to their place in the service chain. One community college executive remarked that he wanted his program to begin doing more organizational assessments, as opposed to traditional training assessments. The reason: he realized that the "upstream" partner will be dominant, and he didn't want the college to always be the one that was called in after-the-fact. GIDC insists that the consultants it hires train its staff, so that GIDC won't need the consultants again (it has also "grown" its own staff in order to get the right skills at the right price).

Strategic alliances are typically formalized by a partnership agreement or a memorandum of understanding among the parties describing how they will work together. The arrangement must address financial issues – how billing will be conducted, what rates will be charged, and what "markups" will be permitted. Few of the programs we investigated had formal partnership agreements. The rigorous planning that typifies the best strategic alliances in the private sector has not yet permeated the service provider community – but it's coming. RPP has clearly defined partnership agreements with the consultants who operate out of its learning center, the Performance Place. The NIST Manufacturing Extension Partnerships program has sponsored a series of workshops for its centers on developing strategic partnership agreements.

Pursue Small Victories

All of the programs studied recognize that "nothing succeeds like success." Although each of the programs is guided by a grand vision, they were all careful to create small victories. This care is exhibited in both program development and their work with individual companies.

- **Develop the right programs.** There is value in taking programs one small step at a time. It is impossible to start everything at once. Effective programs begin in areas where they can have a proven success. GIDC, for example, is willing to start small, learn from its mistakes, and then consider ways to expand its reach. It looks for hands-on programs that can have visible successes. These successes are then held up as exemplars, and used to convince other firms to try the new strategies as well. When it oversteps its reach, as with its first Quick Response plan, it steps back and rethinks the issue (in this case, scaling down the plan and approaching quick response by solving problems shop by shop).

  RPP also has been very careful to keep its ambitions in check and ensure it can deliver on its promises. Its initial emphasis on traditional economic development activities was designed to build an initial reputation for delivering on its goals and visions. RPP staff agree that building a strong level of trust is absolutely essential to success. And delivering on promises is a critical element in establishing trust.

For many programs, this incremental approach allows the staff to learn by doing. The Baltimore port center's programs, for example, evolved over time; they were not the result of a carefully laid out plan. The Center director said that, "people would ask me what is next, and I would say, `I don't know.' It was the first time for me too." Similarly, GIDC has found companies that are willing to take risks and has recruited them into its cause. GIDC does not expect to "save" the garment industry overnight. It plans to keep on learning, program by program and firm by firm, and then expand its initiatives.

The key to developing the right programs in this manner is recognizing and taking advantage of the opportunities for expansion. Alpena Community College is using the knowledge and skills it has gained working with adult students at job sites to change its curriculum for traditional college-age students, to better reflect real-world problems and problem-solving techniques. Its instructors have taken their experiences in the workplace and have used them to shape the curriculum of regular college classes for traditional students. ACC's workplace literacy classes also build worker demand for more classes. The literacy classes are beginning to serve as "feeder" programs to ACC's degree programs as well as to other workplace training. For example, the math instructor is using laptop computers to teach job-specific math skills; this instruction will also serve as a bridge to further training in CAD.

- **Help companies with the problems they identify.** The trust built through a deliberate process is also important in individual company change efforts. Even though Harford-Duracool was unprofitable, the new president did not embark on a "slash and burn" effort to create short-term profitability. Through a systematic, deliberate process, he directed a change effort one initiative at a time.

The need for small victories in a company change effort has direct implications for service providers. All of the programs studied experience a common tension that emerges from customer demands for services that address immediate, but short-term needs, and the recognition that the transformation to a high performance workplace is a long-term change effort requiring an array of services delivered over time. Small companies are likely to seek external assistance from and develop a trusting relationship with providers with whom they have worked successfully in the past. These companies may initially be interested in working on small projects, where they can quickly see the results. Helping these companies solve their initial problems, and building a good relationship, can often lead to other engagements.

Do Not Ignore Process

Program development efforts and company change processes that strive for a quick fix are unlikely to achieve sustained results. Building trust, commitment, understanding, and consensus takes time and requires attention to process. Thus, staff at the Baltimore port center believe it is the quality *process*, not a *program*, that is the key to the port's success. The quality process in the port started with a leadership group. That group helped communicate that the Port of Baltimore wants to be a world-class port, and wants businesses to use its facilities. Once that vision was established, participants in the quality process moved on to address issues affecting several groups within the port, e.g., auto handling. It is the quality process that generates commitment from diverse groups to act on a common agenda.

At Harford-Duracool, success was achieved through full partner involvement and employee empowerment, coupled with

rewards and recognition for participation. Involvement ensured that the change effort was, to a great degree, designed by employees. Many people in the company participated in deciding how the organization would change. Their ideas were encouraged and they were accepted. Achieving true consensus on key decisions required education, discussion, and patience. However, when consensus was achieved, implementation proceeded very rapidly and commitment was very high. This created a feeling among employees that "this is our company now." Similarly, at the program level, involving management and labor in its programs has enabled PALM to generate credibility with both groups.

An effective process will answer the question "what's in it for me?" Individual employees involved in a company change effort want more money for improved performance. The longshoremen in the Port of Baltimore paid attention to their union leader when he said the choice was to learn new skills or lose their jobs. At Harford-Duracool, employee ownership of the change process was solidified by the gainsharing system and pay for suggestions. Companies working with service providers, and key program stakeholders, should have a clear sense of the performance improvement they can expect from working with that provider. Leaders of effective case study programs were able to clearly define the challenge of change and articulate its implications for potential partners and/or customers.

An effective process requires a set of structures and activities to create and sustain business networks, work with a cadre of service providers, link providers to business clients, and facilitate problem-solving and communication, as appropriate. It also requires good facilitators to manage those structures and activities. The consistent use of a problem solving process in which PALM staff serve as conveners and facilitators is a key aspect in all of PALM's programs. RPP staff are not content experts, they are facilitators. PALM's and RPP's success demonstrate what can be accomplished by attending to process.

Diversify Champions and Funding Sources

Funding is always a problem for any service provider; it takes resources to create and sustain a program. Successful sites aggressively seek support from a variety of funding sources. Almost every program studied benefitted from outside funding to support its start-up (e.g., initial support from a Federal Mediation and Conciliation Service grant helped PALM to get up and running). The goal after start-up is to become self sustaining as quickly as possible, while providing affordable and cost-effective services to small and mid-sized companies.

Each of the case study programs is proficient at identifying and applying for public funding to subsidize costs. GIDC has worked hard to find ways to finance its programs. It knows where there are state and local dollars to help fund the changes the garment industry needs to make. It makes government funding of garment industry programs feasible by serving as the conduit between government and the numerous small manufacturers and contractors in the industry. By serving as a "packager" combining services to a number of small companies, GIDC is able to create a project big enough to receive government funding. (Sponsoring "training consortia" also reduces costs by enabling smaller companies to share costs among themselves.)

BSSC is very innovative in its use of funding. It uses its general state appropriation to leverage funds from other state and federal government entities. It uses government funds as a carrot to get companies to contribute their own funds. And it uses both public and private funds to encourage contributions from foundations. WINOC and CAMP/GLMTC use their

foundation funds strategically, to develop new products and services.

Each case study program also charges for its products and services (although the form of charge varies from fees based on a sliding scale to fee-for-service contracts). According to Renold Thompson, WINOC's part-time chair: "If you start giving away the services, people lose respect."

Be Focused but Flexible

Integrating services is difficult and time consuming. The path is full of missteps and new opportunities. The best programs have an ability to learn from failure, to change course when original plans do not go as expected. They practice "informed opportunism," taking advantage of unanticipated effects and emerging opportunities by viewing them all through the lens of the vision driving the program. These organizations have remained true to their original missions, yet they have expanded their initial services to meet customer needs and take advantage of new business opportunities. In so doing, they have continually enhanced their organizational capability and expertise.

Some case study sites remain focused on their core competencies, but within the larger context of meeting their customer's more comprehensive work restructuring and systemic change needs. For example, WINOC focuses on building collaborative labor management practices, but in the larger organizational context of quality and cultural change. CAMP/GLMTC focuses on helping companies deal with technical innovation, but has incorporated human resource development into its work. Other programs have enhanced their capabilities by exercising flexibility in other ways. The Baltimore port center identified new funding opportunities (e.g., a national literacy grant), modified programs on-the-fly (e.g., integrating quality and technical training in the union local 953 training), and customized programs to fit the needs of individual companies (e.g., port-wide quality consulting).

The case studies provide some concrete guidelines for enhancing program capabilities:

- **Build on program activities.** Most service providers have a core competency that determines the first services offered by the program. In many cases, this core service represents a specific methodology or approach to working with a client. Additional services evolve from this core competency as new customer needs emerge or new provider partners are brought on board.

  RPP defined its core competency as facilitation. It is able to bring companies together and facilitate their discussions. RPP relies on others (its virtual consultants) to provide technical content to its services. The port project began with a core expertise in curriculum development and training, and expanded services as opportunities emerged.

  WINOC and CAMP/GLMTC developed a formal needs assessment as a critical improvement tool. Not only does a formal assessment help companies to identify priorities and the connections among them, it also highlights opportunities where service providers can offer to conduct subsequent work. The use of a consistent, structured core methodology has helped MCQP maintain a clear understanding of what it is the center can do. This has strengthened MCQP's ability to develop new services and customize services for its clients.

  Other program activities may also serve as a source of business opportunities. Informational and networking meetings sponsored by WINOC and CAMP/GLMTC have become important means to an end rather than ends in themselves; they now pave the way for follow-on business.
- **Access a variety of sources to inform practice.** A prerequisite to practicing informed opportunism is the capacity to access a variety of networks for ideas and business

opportunities. MCQP has been able to draw on the experiences of 1) best practice obtained from administering the U.S. Senate Productivity Award, 2) the nuts and bolts of change based on its technical assistance to companies in need, and 3) cutting edge research and practice garnered from university and professional contacts. PALM staff freely "network, borrow, and steal" to find the right methods and tools to solve the specific problems confronting their clients.

WINOC and CAMP/GLMTC have made an effort to stay in tune and in touch with area leaders. They employ multiple sensing mechanisms – by placing local leaders on their respective boards, seeking the leaders' input on critical issues, convening regular meetings to address the leaders' priority issues, and maintaining informal communication linkages with these leaders. The best organizations are able to translate the information garnered from these diverse sources into state-of-the-art services meeting their clients' emerging needs.

- **Avoid categorization.** Effective programs strive to avoid program definitions that limit their offerings. Whenever possible, BSSC's workforce development programs eliminate eligibility restrictions for training, prepare people for a wide variety of emerging occupations, and offer instruction at a range of training levels, with programs lasting anywhere from 20 weeks to 20 months. BSSC is also trying to break down the distinctions between its business improvement and its training efforts. People's and companies' workforce and workplace needs do not divide up into neat little categories. Neither should the programs that address these needs. Programs that can break through categorization stand the best chance of providing integrated services to their company customers.
- **Seize the moment.** Crisis breeds opportunity. The majority of the programs studied were forged in crisis. The trigger to the programs' formations may vary; the Port and RPP were started in response to regional or industry-specific economic downturns, BSSC responded to a mismatch of employee skills to business needs, PALM and WINOC were answers to labor-management conflict, while Harford-Duracool begun its journey after a change in company ownership. In each case, some crisis created a need for the programs. Bob Meyer's (WINOC) observation holds true for most of these programs: "We were in the right place at the right time." The programs continued success suggests that each has kept its ability to "seize the moment."

Each of the case study organizations has a vision of what it should be, but recognizes that realizing that vision requires a long-term commitment. Many of the programs started small, with the goal of addressing a defined business need. Some programs have encountered unanticipated obstacles, and have been redesigned "in flight" to better achieve their goals. Each program has grown over time to encompass more companies and a broader range of services. The basic lesson: "keep plugging away."

Take Time to Reflect

Many of the prior lessons learned reflect experience in creating and starting a program. If organizations are successful, in time they confront a different set of challenges, challenges related to growth and sustaining the organization's integrity. As funders' interests change, key leadership positions turn over, critical stakeholders' philosophies shift, and the organization deals with the pains of growth, it needs to take time to reflect on its progress and ensure the continued relevance of and support for its vision and mission.

Many organizations rely on a strategic planning process as a mechanism for reassessing and expanding their missions. (CAMP/GLMTC, for example, reviewed its strategic plan, altered its own work concept, and reorganized and inte-

grated its services to support the renewed vision.) For other organizations, changes in leadership, termination of program funding, new contracts, or other events provide an opportunity for strategic reflection.

Each of the case study programs faces the danger of creating a collection of training and business assistance *projects*, rather than a coherent package of offerings that address the full needs of its customer base or a well-formed system for delivering services. (This is one of the drawbacks of the lesson of "starting small.") Provider organizations have to look closely at their service packages (the array of services they offer) and their organization designs (the structures and processes they use to deliver services) to determine if these services and designs will enable the organizations to realize their visions.

- **Cultivate your customer base.** Organizations must both sustain their existing bases of support and also reach out to customer groups that are a part of their vision, but whose needs they are not yet meeting. Both are a challenge. The Baltimore port center's leadership board was instrumental in the formation of the center. However, the center has not been able to keep the leadership board fully involved in center activities. Continued success requires that the center find a mechanism for sustaining the involvement of the leadership group in a meaningful way. In addition, while total quality is the linch pin of the center program, the upper management of many port companies does not understand total quality. Further, the center has been unable to get a significant number of managers to participate in the total quality efforts, particularly within individual companies. The center hopes that the formation of labor-management problem-solving teams at the work site will provide a vehicle for exposing more managers to the benefits of total quality.

  While GIDC is helping manufacturers to better market their garments both at home and abroad, it is finding it difficult to market its own services. There are many individuals in the garment industry who know nothing about GIDC or its activities. In general, GIDC communicates firm by firm, and individual by individual. It needs the support of its partners if it is to become well known throughout the industry.

  To date, RPP customers have been small manufacturing companies. It has no programs targeted at large companies or companies in the service industry, yet each of these groups is an important stakeholder in RPP. RPP is studying whether it would be advantageous to develop services targeted at these other groups.
- **Find the best structure.** Some organizations can look at the design of their organization and say it represents the best way for the organization to realize its vision. MCQP's status as a part of the University of Maryland's Business School has been instrumental in its ability to successfully practice informed opportunism. The legitimacy associated with this affiliation, and the access it affords to networks of business experts and practitioners, are critical to the identification of new business opportunities. Other organizations have to question the viability of their current structures. The relationship between the Baltimore port center and its community college partner has been problematic. The center has to determine whether it should become a formal part of the community college or explore alternative arrangements.

  BSSC's rapid expansion has created separate project-based silos; it needs to find a way to integrate the activities of its operation. Moreover, despite it's growth, BSSC will always be too small to meet all of Massachusetts' workforce and workplace development needs. To be successful on a large scale, BSSC must think beyond its own organization. It needs to develop two networks, one consisting of *providers* that

can deliver the comprehensive array of services Massachusetts employees and employers need, the other a system of *company networks* that will enable BSSC to reach the state's small and mid-sized companies in a cost-effective manner.

Similarly, RPP has developed an array of learning services and products to enhance firm competitiveness. One of it's challenges is to coordinate and align the design and delivery of these services into a comprehensive, integrated service package for its member companies.

- **Cultivate funding.** Ultimately, an organization's vision must be tested against the reality of the market: Can the organization fund its activities? Many organizations are finding that funders' philosophies of giving are changing. Many foundations, for example, are no longer interested in providing general operating funds; their giving is more project focused. Organizations seeking funding have to change accordingly. The need to diversify funding sources is an important element for success.

  WINOC's traditional revenue streams – membership/corporate contributions, public programs, state grants, and foundation grants – have either decreased or remained level since 1991-93. In contrast, its fees for services have become increasingly important as a revenue source. (But pricing services in order to keep solvent is a difficult task. MCQP was forced to restructure when the center lost money and used all of its cash reserves.) The search for diversified funding is also pushing WINOC to align with other organizations, such as CAMP/GLMTC.
- **Evaluate results.** As the competition for funding increases, potential funders are asking for evidence of benefits accruing from organizations' services. Most organizations think that they are doing a good job and providing quality services that have tangible benefits for their clients, but they don't have the time (or the money) to evaluate their efforts. They defend what they do, rather than focusing on improvement strategies. Few have any way to measure, coordinate, and align their different stakeholders' impressions of what constitutes success. These organizations need measurement systems to provide information on service benefits and outcomes. This information would also enable them to market their services more effectively, as well as engage in the continuous improvement of their programs and services.

Conclusion

Delivering integrated services is difficult, but not impossible. Service providers seeking to better meet the needs of small and mid-sized companies will greatly benefit from the insights these case studies afford. Providing such services represents an important business opportunity for willing service providers, and broader access to such services will enhance the competitiveness of small and mid-sized firms.

Integrated Services: Case Studies

Successful change requires managing the relationship between changes in technology, from changes in the workplace, and changes in the skills needed to do the work. It demands providers who can deliver comprehensive and well-integrated technical assistance. This is a difficult challenge. For many service providers, it requires crossing traditional boundaries and developing new approaches to delivering services to business. The different approaches taken in the case studies in this section present a range of alternatives for service providers interested in developing their own programs to deliver comprehensive, integrated services.

The programs in this section used different strategies to achieve the capacity to address a broad range of company problems. One of the key strategic decisions is defining a targeted customer group. Three different criteria for customer targeting can be observed in the case studies:

- **Region.** Three of the programs target their services to specific geographic regions:
  - **Bay State Skills Corporation (BSSC)** was a quasi-public organization created to fund industry-driven training services. Since its initial creation, BSSC had expanded its mission to include assistance in work restructuring, and had begun to build connections between its workforce development and workplace innovation efforts.
  - **Work in Northeast Ohio Council (WINOC)**, with expertise in labor-management relations and work restructuring, and the **Cleveland Advanced Manufacturing Program/Great Lakes Manufacturing Technology Center (CAMP/GLMTC)**, with expertise in manufacturing technology, demonstrate how integrated services can result from a strategic alliance between partners.
  - **Right Place Program (RPP)** began as the economic development arm of the Grand Rapids chamber of commerce. Its customer-driven programs have pushed the envelope of community economic development.
- **Industry.** Two of the case studies represent industry-targeted initiatives:
  - **Baltimore Center for Port-Related Industries** brings all of Baltimore Port's public and private enterprises and its union locals into an association focused on making Baltimore's the highest quality port on the eastern seaboard. The center provides basic skills, technical, and quality-related training to the longshoremen, and quality consulting services to the port's public and private enterprises.
  - New York's **Garment Industry Development Corporation (GIDC)** provides skill upgrade training to sewing machine operators and other garment industry workers; restructuring assis-

Case Study Sites

- **BCPRI:** Baltimore Center for Port-Related Industries
- **BSSC:** Bay State Skills Corporation
- **CAMP/GLMTC:** Cleveland Advanced Manufacturing Program/Great Lakes Manufacturing Technology Center
- **GIDC:** Garment Industry Development Corporation
- **HD:** Harford Systems, Duracool Division
- **RPP:** Right Place Program
- **WINOC:** Work in Northeast Ohio Council

tance to retailers, manufacturers, and contractors; and marketing services to manufacturers.

- **Company.** One of the case studies focuses on a company-orchestrated change effort:
  - **Harford Systems, Duracool Division**, the winner of a 1993 U.S. Senate Productivity Award in Maryland, shows how the delivery of integrated services can be orchestrated by a company as part of its strategic plan. Duracool engaged experts in labor-management relations, work restructuring, and training at the point where each was necessary to implement the company's improvement plan.

All of the case studies are written in the present tense based on what we observed at the time of the original site visit (between fall, 1994 and fall, 1995). To capture any changes in the case sites that occurred between when the case studies were conducted and the preparation of this publication, case study updates were prepared in April 1997. The updates, presented at the end of each case study, capture the current status of the organization.

Bay State Skills Corporation

Key Features

- Coalition building between companies and existing educational providers
- Fund leveraging
- Program development incubator

Services Provided

- Workforce development
- Workplace innovation

Bay State Skills Corporation (BSSC) is a quasi-public corporation which serves as Massachusetts' workforce and workplace research and development arm, and promotes economic development in the state by building closer working relationships between the state's educational system and the private sector. When it was established by the Massachusetts legislature, BSSC focused on filling the "skill gaps" left in local economies by the mismatch between school offerings and the jobs available from industry. Today, BSSC has expanded its mission to include helping industry to create new jobs, preparing the current and future workforce to access those jobs, and removing barriers to employment experienced by those traditionally outside of the labor force.

BSSC focuses its activities on both workforce development and workplace innovation. It supported industry-linked workforce development activities for a number of segments of the workforce: those still within the K-12 education system, those making the transition from school to work, entry-level workers, dislocated workers and welfare recipients, and incumbent workers. Its workplace innovation efforts helped industry or geographically based *groups* of companies to adopt new technologies and/or workplace practices, and access high-quality training.

BSSC organizes its services to meet the needs of two sets of customers: individuals, for its workforce development efforts; and companies, mostly small and mid-sized manufacturers, for its workplace innovation efforts. BSSC does not provide workforce or workplace services directly to individuals or companies. Instead, it functions as an idea shop, partnership molder, technical assistance provider, and information and funding source *supporting* the provision of services to individuals and companies. It provides its services through the state's existing education and training providers, striving to influence the way they design and deliver their programs.

BSSC's current budget is just under $12 million. The Corporation's funding comes from several sources: a general state appropriation, targeted state and national grants, and foundations. For BSSC's workforce training programs, the business sector contributes a match, though this may be in-kind goods and services instead of a cash payment. BSSC is very strategic in its use of money, using funds it receives from one source to leverage those from another.

BSSC sees itself as a development incubator for the state of Massachusetts. It realizes that it will never have enough money to meet all of the workforce and workplace assistance needs of the state. However, it can operate small pilot projects as research and demonstration efforts that inform the larger workforce and workplace programs in the state.

Program Description

BSSC divides the work it does into two broad categories: workforce development and workplace innovation. These two program areas, it

feels, provide a powerful assistance package for increasing the state's productive capacity. To stay abreast of the state's workforce and workplace needs, the Corporation conducts both formal and informal focus groups, occasionally administers surveys, and takes advantage of "ad hoc" opportunities to hear from its customers.

- **Workforce development.** All BSSC workforce development projects are operated as partnerships between the business community and the education sector. As part of these partnerships, the business community contributes some resources to the education or training efforts. More importantly, though, it provides direction. This ensures that the education and training services will meet business' needs. It also builds the long-term capacity of the education sector to meet business' needs. Most of BSSC's workforce development programs can be divided into three groups: industry cluster training, training for welfare recipients, and school-based services.
  - **Industry cluster training.** BSSC's industry cluster training programs prepare individuals for occupations in the core industries deemed essential to the regional economy's growth and wealth, occupations ranging from entry level to advanced, technical, managerial, or professional. (Most of BSSC's industry cluster programs provide academic and skill preparation for employment in emerging technology-based industries, including biomedical manufacturing, biotechnology, export services, health care, manufacturing, and environmental technology services.) These training programs are designed for individuals with close associations to the workforce, including those who are currently working, those who have only recently been dislocated, and those well-poised to enter the workplace. An average industry cluster program class has fifteen to twenty people and costs $35,000 to $85,000, with the cost-per-participant averaging from $2,000 to $3,200. Both class size and the frequency with which classes are offered are determined by the participating industry's needs.

Computer Software Fellowship Program

BSSC helped to sponsor a Computer Software Fellowship Program which retrains dislocated electronic hardware professionals and managers for equivalent level positions in the software industry. Corporate partners from the software industry serve on a steering committee to set curriculum priorities, screen and select trainees, and provide paid internships. This program, which combines classroom education with on-site work experience, has an 80 percent placement rate and a 75 percent salary replacement rate.

Industry cluster training programs require close partnerships between education and industry. For these programs, industry representatives identify a skills gap and then work in collaboration with educators to help the educators design and deliver appropriate training programs. In most cases, the industry matches BSSC's funding dollar for dollar, though some of the industry's match may be in-kind materials or time. Companies involved in the projects may serve on advisory councils and/or provide training equipment, supervised internships, and job placement assistance. Grants are made to the schools, rather than to the businesses, in order to build the schools' capacity to continue to deliver industry-relevant training. By requiring business-education partnerships for the industry cluster programs, BSSC guarantees program quality and ensures that the programs prepare trainees for *real* jobs that are in *current* demand.

BSSC's involvement in these industry cluster programs is intensive, but short-

term. BSSC staff help bring the business and education partners together, attend meetings of program advisory boards, and provide technical assistance throughout the time of financial support for the program. The Corporation tells its education and industry partners, at program inception, that it will stop participating after a program's been operating for five years. In most cases, the programs become self supporting after only two or three years, and the Corporation is able to pull out early.

- **Welfare recipient training.** BSSC has been a part of Massachusetts' welfare-to-work program since 1983. Its MassJOBS (welfare-to-work) program provides instruction in study skills, work habits, basic skills, and life management, in addition to skill training for entry-level jobs. Though BSSC's MassJOBS has supported training in day care, most of its programs are technology related, including health, mental health, and mental retardation; biotechnology; legal, medical, and dental office skills; dental and ophthalmic assisting; and surgical and ultra sound technician. As was the case with its industry cluster training, BSSC builds a strong private sector component into the MassJOBS program. Employer partners provide internships, donate equipment, and offer tours and lectures. BSSC requires a 20 percent match from the private sector, but actually receives matches averaging 83 percent.
- **School-based services.** BSSC operates a number of programs for building the skills of those still in the K-12 education system through its Center for Youth Development and Education. These include programs ranging from career preparation and social services for middle and high school students, through teachers' professional development, to business/education partnerships introducing new technologies into public education.
- **Other training-related services.** In keeping with the research and development part of its mission, BSSC operates a few workforce development programs that fall outside of the three areas of industry cluster, welfare, and school-based. Two examples are:

  Bay State Center for Women, Work, and Family – helps women to build their skills and enter the workforce, and provides information to employers regarding the needs of women and families in the workplace.

  MassREB Net – provides technical assistance to Massachusetts' Regional Employment Boards (REB) through an electronic network containing descriptions of programs, notices of meetings, and state and federal updates on workforce development issues. REB Net also enables the REBs to communicate among themselves to share information and ideas.

- **Workplace innovation.** BSSC has a variety of demonstration programs and projects underway to promote the competitiveness, growth, and workforce development of both industries and firms. These projects link firms with public and private service providers offering assistance on issues of technology, business systems, and skills. There are four main streams to BSSC's workplace innovation programs: the Massachusetts Manufacturing Partnership, the New England Suppliers Institute, manufacturing networks, and the Bay State Center for Applied Technology.
  - **Massachusetts Manufacturing Partnership.** The Massachusetts Manufacturing Partnership (MMP) was established in March 1993 to address the needs of Massachusetts' 10,000 manufacturing firms – 80 percent of which have fewer than 50 employees. It is funded by

the Technology Reinvestment Project (a joint effort of the U.S. Departments of Defense, Commerce, and Energy; the National Science Foundation; and National Aeronautics and Space Administration) at a level of $30 million over a three-year period.

The MMP has a regional-state structure. There are five regional centers, each with its own regional director and its own Board of Directors. These regional centers, along with a network of field agents, are coordinated through a state director and staff at BSSC. This regional-state structure allows each region to tailor services for its manufacturers, while still ensuring the cohesiveness of service delivery, economies of scale, equal access, and consistency in service quality that comes with a statewide system.

The MMP is designed to leverage existing resources for manufacturers, develop new resources for manufacturing information and expertise, and serve as a catalyst for change. The MMP's economic development services include strategic planning, financial consulting and support, small business consulting, and export assistance. Industrial services include needs assessments and assistance implementing such production technologies as CAD/CAM, CNC, concurrent engineering, just-in-time delivery methods, advanced materials, and automated processes. The MMP will also provide assistance with such management methods as team-based production, compliance with quality standards, workforce training, and market research.

- **New England Suppliers Institute.** The New England Suppliers Institute (NESI) is BSSC's only project extending beyond the borders of Massachusetts. Started in late 1992, NESI is a partnership of industry, government, and education to improve the competitiveness of smaller New England manufacturers and to strengthen the New England manufacturing base. Through NESI, original equipment manufacturers, supplier firms, government, and education institutions work together to help small and mid-sized manufacturing supplier firms implement improvements in operations, skills, and technology to meet their customers' needs. To accomplish this end, NESI helps identify and support efficient access to the education, training, and technical services that companies need to achieve success in quality business relationships, continuous improvement, supplier certification, and development of company-wide workforce and management skills. NESI is a three-year project with an estimated total budget of nearly $5,000,000. To reach this funding level, BSSC has sought support from a variety of organizations – including the U.S. Department of Labor, the National Institute of Standards and Technology, and the U.S. Air Force – using funding from one source to leverage funding from another.
- **Manufacturing networks.** BSSC targets a lot of its workplace innovation efforts at company *consortia*, companies grouped together geographically and/or by industry. BSSC recognized that the economic growth of the state's small and mid-sized companies could be enhanced by pooling their interests to leverage such things as education and training resources, marketing "presence," and access to financial markets. By supporting industry networks, BSSC attempts to bring many of the benefits of size enjoyed by large companies to these small to mid-sized firms. BSSC is involved with a number of manufacturing networks. The Corporation's work

with the National Tooling and Machining Association and the Berkshire Plastics Network are highlighted below.

National Tooling and Machining Association Modernization Program. With a grant from the Department of Labor, BSSC began working with the Western Massachusetts Chapter of the National Tooling and Machining Association in 1993, though the chapter itself has been active since 1970. BSSC has helped the chapter move away from a narrow focus on supporting traditional apprenticeship programs, to a focus on both a broader range of training efforts and several modernization efforts. BSSC's primary contributions to these efforts is as a funder, information source, and broker. BSSC is good at finding the right resources for the job, linking NTMA and member companies up with the right college, training provider, or consultant. Where appropriate services don't yet exist, BSSC works with customers and providers to make sure they are developed.

With BSSC's help, the NTMA chapter initiated a series of skills upgrading courses, held at a variety of school and company sites, and offered to NTMA members at a discount. Worker skill courses have included basic and advanced CNC machining, computer aided design, shop math, blueprint reading, cost estimating, and computer literacy. Courses to support modernization have included total quality techniques, problem solving, just-in-time production techniques, and statistical methods. Management classes in total quality management, continuous improvement, leadership, industry networking, marketing, and technology have also been offered.

BSSC has helped NTMA companies engage in a number of modernization projects, including lead time reduction, set-up time reduction, facilities layout and planning, continuous improvement techniques, manufacturing technology, process planning, marketing assistance, and quality standards. One modernization program involves helping NTMA companies to adopt the "Kaizen" process. An NTMA member, Danaher Corporation, has been using Kaizen as a way to continuously improve its work operations. With BSSC's support, Danaher invites teams from other NTMA companies to participate in its Kaizen efforts in order to learn how the process works. Then, if a company is interested in pursuing Kaizen further, Danaher's Kaizen expert helps that company conduct its own Kaizen effort.

Berkshire Plastics Network. The Berkshire Plastics Network (BPN) was formed in 1986 to promote the region's plastics industry. This network of almost 40 independent plastics companies conducts joint marketing efforts and occasionally shares work among members. More recently, BPN members have begun to work together on continuing education, apprenticeship, and school-to-work programs.

The Western Massachusetts NTMA

The Western Massachusetts NTMA chapter has initiated two non-traditional apprenticeship programs. Its Mech-Tech program, an 8,000 hour, four-year apprenticeship training program, has apprentices rotating among companies every three to six months, rather than working with a single company during the four years. The NTMA chapter is also operating a 960 hour, 24-week program that prepares dislocated workers from related industries to become entry-level machinists. While BSSC has no official role with these two programs, it is a visible presence at many chapter meetings, offering advice and technical assistance.

Additional BSSC Networks

- **Massachusetts High Performance Learning Consortium:** A network of 12 high technology firms working together to improve the quality and reduce the cost of their workforce development efforts. Funded with a one-year grant from the U.S. Department of Labor, the consortium defines members' workplace literacy, technical, and high performance skills needs; inventories existing skill development resources, both internal and external to themselves; and determines whether (and how) they can improve the quality of their human resource development efforts while lowering related expenditures.
- **ISO 9000 Collaborative:** A partnership with the Associated Industries of Massachusetts (AIM) to help small companies gain ISO 9000 certification. Working with small groups of six to eight firms, BSSC and AIM provide nine full-day training sessions over a 12-month period. In addition to the group sessions, each company has two visits from an expert "coach" who first prepares a confidential initial assessment report, and later simulates a third-party audit.
- **Precision Metal Forming Network:** A network of small metal forming firms sharing resources and knowledge and working together toward ISO 9000 certification.
- **Marine Sciences and Technology Network:** A network of marine-related firms promoting defense diversification, technology transfer, and access to new markets.
- **MassTAC:** A network of textile and apparel companies using BSSC funds to support staffing and some initial development activities.
- **Environmental Technologies Development Network:** A network of leading edge environmental manufacturers and researchers exploring the collaborative development and commercialization of new technologies to clean up hazardous waste sites.

BSSC began working with BPN in 1992, when it offered to help the network improve its ability to communicate among members. Over the course of the communications project, BPN changed its mind about what it needed and BSSC fully supported the network's new direction. In the end, BPN used its BSSC grant to analyze its needs, buy new communications equipment, and train network members to use the new equipment.

From this initial effort with BPN, BSSC's involvement has expanded into continuing education. BSSC helped BPN work with the Berkshire Community College and the local Regional Employment Board to develop a training program targeted at both plastics workers and dislocated workers who might enter the plastics industry. Courses included computers, plastics technology, CAD/CAM, product estimating, and blueprint reading.

- **Bay State Center for Applied Technology.** BSSC's newest workplace innovation program is the Bay State Center for Applied Technology. The center is designed to enhance Massachusetts' industrial competitiveness by helping small and mid-sized companies adopt practical and affordable state-of-the-art business and manufacturing practices. To accomplish its mission, the center maintains a network of experienced manufacturing consultants that can help companies at a subsidized rate. In order to leverage resources and market strength, the center helps firms collaborate in manufacturing networks around such topics as market development, workforce development, quality systems, and technology transfer. The center also provides hands-on workshops in effective shop techniques, manufacturing software for smaller firms, and design of new work systems for productivity and quality.

Results

The following results are illustrative of BSSC's success:

- BSSC has grown from a $2.5 million to a $12 million corporation in just over two-and-a-half years.
- BSSC's training programs have been very successful, with an average placement rate of 80 percent. Its industry cluster programs have an average placement rate of over 90 percent, while the placement rate for BSSC's MassJOBS program is over 70 percent.
- One company in the NTMA modernization program implementing Kaizen has reduced the total number of machines needed to produce a part, reduced set-up time by more than 80 percent, and changed an eight-week work-in-process cycle to just-in-time production scheduling.
- Between 30 and 36 people took the training offered through the Plastics Industry Consortia; 26 of them were placed within 90 days after program completion.

History

From the mid-1970s to about 1990, the Massachusetts economy was remarkably robust, outpacing those in many other parts of the United States. This strong performance was the result of radical changes in the composition of the economy: traditional manufacturing industries were being supplanted by more knowledge- and technology-based industries. BSSC was created in July 1981 by the Massachusetts State Legislature in response to a 1978 study suggesting that the state was not meeting the economy's demand for skilled individuals who could work in emerging high technology industries.

BSSC was founded on the premise that workforce development was an integral part of economic development. The Corporation recognized that the greatest assets of the Massachusetts economy were the skills and knowledge of its workforce, and that these were intimately connected to the excellence of the educational institutions in the state. A referendum placing a cap on property taxes had left education administrators ill prepared to gear up to respond to the skills mismatch. In this environment, BSSC concentrated not just on creating new skill training programs, but on inducing the educational sector, particularly vocational schools and colleges, to prepare workers for the state's new, high-technology occupations.

The Massachusetts Economy

Massachusetts has a diverse economy, with strength in traditional manufacturing, health care, high technology, and financial services. It is the home, in all of these sectors, to 1) a large number of world-class firms with the size, sophistication, and productivity to compete both nationally and internationally, and 2) a large number of small to mid-sized firms, in both traditional and emerging industries. It is also home to an extraordinary collection of institutions of higher learning, many of national and international repute, which draw students and researchers to the area. These institutions incubate a steady stream of start-up companies in new technologies, some of which (Digital Equipment Corporation, WANG) have grown to employ thousands of people. The focus of BSSC's initiatives has tracked the ups and downs of Massachusetts' economy.

All of BSSC's training programs were designed first and foremost to meet industry needs. BSSC's training programs focused on bringing industry specialists together with education faculty to design appropriate education and training programs. Over the years, the Corporation has been involved in entry level (and pre-entry level) training, employee upgrade training, retraining, and advanced-level college and university education. It has offered industry-responsive training in a wide range of areas, including waste water treatment, computers, communications, biotechnology, electronics, and robotics.

BSSC developed a number of first-time, start-up programs for such occupations as electronic assembler, field service technician, scientific lab technician, waste water treatment operator, and software applicator. Often,

BSSC's Mandate

- Encourage and facilitate the formation of cooperative relationships among business and industry, labor, government, and education to develop and expand skills training programs consistent with employment needs.
- Provide grants-in-aid to education and training institutions, to be matched with private sector financial support, to fund skills training programs in growth occupational areas.
- Collect and disseminate information on present and future employment needs, as well as the availability of skills training and education in these areas.
- Conduct conferences and studies that would increase communication and information on employment needs in the commonwealth.

upgrading the skills of the existing workforce meant inducing some of the state's renowned private universities to develop new graduate-level degree programs in fields such as biotechnology or artificial intelligence. For several years, the BSSC funded summer institutes designed to update faculty knowledge and skills in high technology fields by exposing them to current industry practices. Realizing that educators and program developers were hampered by a lack of comprehensive information on industries in emerging technologies, BSSC also researched and published guides on such industries as biotechnology, environmental technology, and software development.

BSSC also recognized that meeting the state's skill needs meant providing training to those already employed. It has supported programs to retrain existing personnel after a company retooled, and it has lent assistance to expanding companies by introducing new workforces to established production techniques.

As the success of the BSSC "public/private partnership" approach to education and skills training came to be recognized, Massachusetts expanded the model to bring those usually outside of the labor force into the state's economy. At various times, BSSC has provided assistance to mentally retarded individuals, Job Training Partnership Act participants, welfare recipients, displaced homemakers, and dislocated workers. These BSSC programs were part of the state's efforts to decrease welfare and unemployment costs, expand the tax base, and promote employment and economic activity.

In the early 1990s, Massachusetts followed the nation into recession, with double digit unemployment, plant closings, and massive layoffs. The effects were felt across the economy, in traditional manufacturing and knowledge-based and service industries alike. In response, BSSC began to focus its efforts on meeting the needs of dislocated workers. However, it retained its emphasis on preparing individuals for high-technology occupations. Massachusetts' new, emerging industries, BSSC hoped, would provide the workers with more stable, high-wage jobs.

When the state adopted economic development policies focused on encouraging the development of "industry clusters" as a means to promoting industrial modernization, increasing worker retraining, and fostering the growth of small to mid-sized businesses, BSSC also expanded its services to include more direct technical assistance to individual companies and industries. This new realm of work for BSSC has included helping companies adopt new technologies, undertake quality improvement and quality assurance programs, build networks, and form marketing cooperatives.

In recent years, BSSC has undertaken some new education and training initiatives to assist students in the K-12 system. BSSC sponsored summer computer camps, and is now involved in efforts to improve math, science, and geography instruction, as well as to build linkages between school and work.

Both BSSC's renewed interest in K-12 education and its foray into direct business assistance are natural outgrowths of its focus on promoting economic development by building coalitions between the education and business sectors. BSSC has recognized that upgrading workforce skills requires attention to

individuals' early education experiences. It has also recognized that improving the vitality of the Massachusetts economy requires more than skill upgrading efforts, it requires efforts to improve company work structures, processes, and practices. By adding workplace innovation efforts to its existing workforce development programs, BSSC is now positioned to provide comprehensive developmental assistance to Massachusetts' businesses.

Structure

The Corporation falls under the Executive Office of Economic Affairs in the state budget process, but enjoys the freedom of action of a private, non-profit corporation. The Corporation maintains its own administrative, fiscal, and personnel capacities, independent of the state. BSSC is governed by an 18-member Board of Directors, made up of individuals from business and industry, skills training, government, education, and labor. Through this board, BSSC has access to the staff, information, and policy decisions of a wide variety of state entities: Department of Employment and Training, Department of Public Welfare, State Department of Education, Board of Regents of Higher Education, and Secretary of Economic Affairs. The board also provides BSSC with access to corporate executives in many of the state's growth industries: high technology, biotechnology, computer software, engineering, health care, and financial services.

BSSC receives a base grant, or allocation, from the state legislature, the size of which grant has been virtually unchanged since the Corporation's founding. BSSC is also highly entrepreneurial in going after additional funding – from foundations, as well as state and federal demonstration programs – to carry out its mission. It is very strategic in its allocation of resources, using its state base grant to match or leverage funds from other sources. When BSSC is deciding what programs to pursue, those that demonstrate the ability to bring in matching funds receive preference.

In carrying out its work, BSSC enters into partnerships with a variety of organizations in the public, education, private, and non-profit sectors, including the Department of Employment and Training, the Department of Education, the Department of Welfare, the Industrial Services Program, the MassJOBS Council, and Regional Employment Boards; the University of Massachusetts system, colleges, school systems, and schools; company groups and individual companies; and community-based organizations.

BSSC's professional staff number around 40, four times the number that existed less than three years earlier. Staff fall into three broad categories: those working on workforce development, on workplace innovation, or in BSSC's own administrative structure. Approximately 14 individuals focus on workforce development, divided up among Training Services, the Center for Youth Development and Education, and the Center for Women, Work, and Family. Ten people conduct workplace innovation projects, either in Industrial Modernization and Applied Technology Services or in the Massachusetts Manufacturing Partnership. The remainder of the staff work in BSSC's administrative or fiscal services.

Keys to Success

BSSC's efforts offer a lot of insight to other service providers that want to duplicate its success.

- **Meet real needs.** BSSC is successful because it responds to and confirms business needs. The Corporation recognizes that you can't *sell* training to people, or business assistance to companies; they have to be willing to *buy* these things. BSSC takes the time to listen to the companies about their needs. Training programs are designed based on industries' descriptions of job requirements. Manufacturing networks determine the assistance they want. If the

networks decide they need something different from their original thought, BSSC helps them with their new vision. BSSC practices the art of saying "yes." It helps its partners accomplish what *they* want to accomplish.

- **Gain business commitment.** Business must be part of the equation. BSSC looks for significant willingness on the part of an industry to do work and be involved in the Corporation's workforce and workplace development efforts. Business involvement ensures the business relevance of BSSC's projects. In addition, BSSC has found that people only care about what they pay for or commit time to. Therefore, BSSC requires such contributions from its industry partners.
- **Innovate.** BSSC has had the luxury of being able to take risks. It has a long-term planning horizon (five to ten years), and it has been able to study the trends in the state's industrial growth, support programs that others are constrained from supporting, create partnerships that have not existed before, and take the time that is required to develop and nurture new, experimental programs. This flexibility and freedom from restrictions has enabled BSSC to try the untested and develop new, innovative projects. The Corporation then follows a process of "assessment, design, delivery, evaluation, review, and assessment," to continuously improve its programs.
- **Leverage funds.** BSSC is very innovative in its use of funding. It uses its general state appropriation to leverage funds from other state and federal government entities. It uses government funds as a carrot to get companies to contribute their own funds. And it uses both public and private funds to encourage contributions from foundations.
- **Leverage clout.** BSSC uses the "weight" of its partnerships as clout to leverage the outcomes it needs. By pulling together a group of companies in an industry, BSSC is able to get educational institutions to develop the training and assistance programs the *companies* define. For example, the Berkshire plastics companies had a lot of concerns about the quality of the courses the Berkshire community college was offering. When plastics companies approached the college company by company (or individuals approached the college individual by individual), they were forced to take whatever courses the college had developed. However, when the companies approached the college as a network of 40 companies, they were able to get the college to develop new courses specifically designed to meet their needs.
- **Avoid categorization.** BSSC has tried to avoid program definitions that set limits on its offerings. Whenever possible, its workforce development programs eliminate eligibility restrictions for training, prepare people for a wide variety of emerging occupations, and offer instruction at a range of training levels, with programs lasting anywhere from 20 weeks to 20 months.

  BSSC is also trying to break down the distinctions between its business improvement and its training efforts. People's and companies' workforce and workplace needs do not divide up into neat categories. The programs that address those needs shouldn't either. On the workforce development side, BSSC's industry cluster training targets incumbent workers, and the Bay State Center for Women, Work, and Family provides direct assistance to companies, helping them better address the needs of women and families in the workplace.

  The overlap on the workplace innovation side of the house is even greater. First, BSSC's charter for workplace innovation includes workforce development assistance. The Massachusetts Manufacturing Partnership provides assistance on workforce training, the New England Suppliers Institute provides access to the education and training services that companies need for business success, and the Bay State

Center for Applied Technology promotes manufacturing networks around a variety of issues, including workforce development.

In addition, many of BSSC's manufacturing networks include a training component. Both the National Tooling and Machining Association Modernization Program and the Berkshire Plastics Network are sponsoring training for existing workers, as well as those trying to enter their industries. The Massachusetts High Performance Learning Consortium's specific purpose is to improve members' workforce development efforts. BSSC *is* providing integrated services to its company customers.

- **Eliminate bureaucracy.** Working with government programs can be very difficult. Programs include various restrictions and reporting requirements designed to prevent fraud and abuse and protect the tax payers' interests. While the bureaucratic red tape is understandable, it can also be an impediment to the operation of valuable programs. BSSC serves as an interface between the companies and educational institutions with which it works, and the government bureaucracy. From the view of its business and education partners, BSSC is a non-bureaucratic, "agile" organization. It handles the paperwork. It pays out money quickly. BSSC realizes that facilitating the process is one of the biggest services it can provide its partners. It also realizes that as the "exception," it looks very good.

Issues to Consider

While BSSC has a lot to be proud of, it has a couple of issues it needs to address.

- **Moving to scale.** BSSC recognizes that what it now has is a collection of training and business assistance *projects*. It does not have a coherent "menu" of offerings, nor does it have a well formed system for delivering those services. To be successful on a large scale, BSSC must develop two networks, one consisting of *providers* that can deliver the comprehensive array of services Massachusetts employees and employers need, the other a system of *company networks* that will enable BSSC to reach the state's small and mid-sized companies in a cost-effective manner.

  BSSC has grown a lot over two-and-a-half years – from a $2.5 million to a $12 million corporation. However, it will always be too small to meet all of Massachusetts' workforce and workplace development needs. When BSSC thinks about moving to scale, it needs to think beyond its own organization. To really reach the scale Massachusetts needs, BSSC must spend more time and effort transferring what it has learned from its projects to the other workforce and workplace assistance efforts in Massachusetts.
- **Integrating activities.** BSSC seems to be experiencing some growing pains from its phenomenal growth over the last few years. While the Corporation is providing integrated services to some companies and industries, it runs a real risk of creating separate operating silos inside of itself. As new money has been found, new projects were started, and new hires were added. While BSSC has done a good job thinking about how these pieces all fit together *theoretically*, practically, the pieces all seem to be operating separately. BSSC needs to find a way to integrate the activities of its forty-person operation.

UPDATE

In 1997, Massachusetts merged the Bay State Skills Corporation with another quasi-public entity, the Industrial Services Program, to become The Corporation for Business, Work, and Learning (CBWL). This "new" organization provides services that promote business modernization, economic growth, and opportunities for gainful and fulfilling employment. CBWL

1) Educates, trains, and motivates individuals

to maximize their productive potential in the workplace.

2) Works in partnership with companies, entrepreneurs, and industry groups through finance and consulting services to improve competitiveness and benefit the workforce.
3) Designs, tests, and disseminates new approaches to manufacturing, business operations, program delivery, teaching, and learning to inform and influence the practices of industry, education, and government.

Its family of services support the continuum of worker and business needs: from kindergarten to retirement, and from start-up to restructuring to closing. Its services fall into the same two broad areas that defined BSSC's services: workforce development programs and workplace services.

- **Workforce Development Programs.** CBWL's workforce development programs are targeted at individual workers, companies, service provider staff.

  Individual workers:

  - **Re-Employment Assistance Program (REAP)**, the state's designated dislocated worker unit, provides employment and training services to companies and their workers in cases of mass layoffs or closings. Its Rapid Response Teams work with companies (and unions) to design appropriate plans and then deliver on-site services.
  - **Entrepreneurial Group** provides funding, oversight, and, in some cases, the operation of a number of entrepreneurial training programs designed to help dislocated workers start their own businesses or consulting practices.
  - **Training Services and the Employed Worker Initiative** offer companies (either by individual or by group) both technical and financial assistance to meet their training needs.
  - **The Center for Youth Development and Education (CYDE)** acts as a laboratory for developing innovative programming for the future workforce. It has created community-based school-to-work partnerships, programming for at-risk youth, and enhanced science and mathematics curricula.

  Companies:

  - **Workplace Learning Group** provides consulting, particularly to small and medium-sized businesses, to help them 1) develop an overall plan for workforce development tied tightly to their strategic objectives, 2) identify appropriate training providers to implement that plan, and 3) ensure the quality of the training provided.
  - **Employee Ownership and Involvement Program** provides technical assistance to companies exploring the advantages of employee ownership, serves as staff to the New England ESOP Association, and has developed a program to provide basic financial training to front-line workers of employee-owned firms.

  Service provider staff:

  - **The Institute for Workforce Innovation** provides training and development services to front-line staff in the Worker Assistance Center network in order to improve the quality of services received by dislocated workers.
  - **New Perspectives** is a group of clinicians that provide a wide range of psychological services to the staff and clients of the Worker Assistance Centers. These services range from professional development consultations, to workshops, to crisis intervention, and finally to referral to a wide range of public and non-profit agencies, as well as for-profit businesses.

- **Workplace Services.** CBWL's workplace services promote workplace innovation and other programs to enhance competitiveness. Several of these programs were a part of BSSC.

- **The Trust** provides financial consulting, working capital, and equipment loans and guarantees to small and mid-sized manufacturing firms.
- **Massachusetts Manufacturing Partnership (MMP)** provides oversight of the state's industrial extension service for small and mid-sized manufacturers.
- **Bay State Manufacturing Networks** acts as a catalyst to groups of companies seeking to improve their competitiveness through the formation of industry networks.
- **New England Suppliers Institute (NESI)** works with New England prime companies and their suppliers seeking to strengthen and improve supplier practices.

Contact

Suzanne Teegarden
President
Corporation for Business, Work, and Learning
Schrafft Center
529 Main Street
Boston, MA 02129
Phone: 617/727-8158
Fax: 617/367-0211

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Northeast Ohio's Economic Comeback: Some Contributing Partners

Key Features

- Regional approach
- Specialized services
- Strategic alliances

During the early 1980s, business and community leaders in Northeast Ohio forged a coalition to transform their local "rust belt" industries and restore economic vitality to the region. This initiative produced a number of new entities, two of which are featured in this case study: Work in Northeast Ohio Council (WINOC) with expertise in collaborative labor/management practices, team-building, and total quality management; and the Cleveland Advanced Manufacturing Program, which also serves as the Great Lakes Manufacturing Technology Center (CAMP/GLMTC), with expertise in plant modernization and technical training. Both organizations offer strategic and operational assistance when helping companies modernize.

WINOC's mission is to "serve business, labor, government, and academia in order to improve the economic climate and competitive position of companies and organizations in Northeast Ohio." Created to help local companies resolve their labor/management conflicts, WINOC has broadened its initial mission by addressing quality and other productivity improvement techniques.

WINOC provides training and technical support to help companies create improvements in quality, productivity, and customer service. Training programs and assistance are designed to address the needs of segmented audiences within individual companies: senior executives, managers, supervisors, teams, and union leaders. WINOC also administers a number of "special projects" to meet the needs of groups of companies. These include a health care consortium, an ISO 9000 Consortium, a Small Business Supplier Project, and the Built-Rite program, which is targeted at local building trades, contractors, and owners. WINOC staff sponsor networking sessions and publish a newsletter on work restructuring issues to update northeast Ohio leaders on changes in the workforce and the economy.

CAMP/GLMTC's mission is to "support the economic development of the region by mobilizing and leveraging academic, government, private, and public resources to help manufacturers improve; fostering innovation in manufacturing enterprises through research, development, technology, and training; and motivating and helping the region's manufacturers to develop people, utilize technology, and modernize products, processes, and facilities." While its primary emphasis is identifying opportunities for plant modernization through the use of state of the market technologies, CAMP/GLMTC also serves as a broker to other service providers, leveraging regional resources to enhance the competitive position of its manufacturing clients.

CAMP/GLMTC provides on-site technical expertise and training support to local manufacturers. Its engineers help local manufacturers match their technology modernization, development, deployment, and training needs with available resources. CAMP/GLMTC staff offer training seminars, in cooperation with local universities, in advanced manufacturing operations. They also teach manufacturers to adopt environmentally conscious technologies. The

organization maintains access to an extensive array of electronic data bases worldwide so that it can provide its customers with literature searches, research, and market analysis.

Initially, each organization focused its energies in a specific program area. More recently, and based on the changing needs of small and mid-sized companies, WINOC and CAMP/GLMTC have forged strategic alliances in order to align their respective areas of expertise and offer integrated services to their customers. Since more and more of the issues confronting companies are multi-faceted, and most service providers specialize in one or two areas, the need to join forces is likely to increase in the future.

WORK IN NORTHEAST OHIO COUNCIL

Program Description

WINOC segments its services to meet the needs of different audiences, differentiating by constituency (senior executives, senior managers, middle managers, teams, supervisors, union leaders, and labor/management teams) and by content area (organizational assessments, such as Baldrige and ISO 9000; strategy and strategic planning; facilitation; implementation; team training; and using continuous improvement tools). Since 1981, WINOC activities have evolved to concentrate on four core areas:

- **Leadership.** Specific services in this area include executive retreats; total quality management training for senior managers, middle managers, and union leaders; and management teambuilding. Popular leadership training programs include the changing role of the supervisor, exploring labor/management cooperation, and quality council/steering committee development.
- **Strategy.** Specific services in this area include total quality management implementation, just-in-time implementation, quality assessments, strategic quality planning, strategic business planning, organizational culture assessments, external customer surveys, and ISO 9000 gap analyses.
- **Employee involvement.** Specific services in this area include deployment of the strategic quality plan, facilitator training, team building/team training, creative group problem solving, and training self-directed work teams.
- **Continuous improvement.** Specific services in this area include ISO/QS 9000 introduction, business process reengineering, benchmarking, determining the cost of quality, gainsharing plan development and implementation, improving employee performance through rewards and recognition, performance appraisal system improvements, development of a personnel profile system, running effective meetings, and tools and techniques for continuous improvement.

Services Provided

- **Labor-management assistance**
- **Total quality and productivity improvement techniques**

WINOC does "soup to nuts" programs. First, staff members conduct a needs assessment and gather data from individual interviews and focus groups on "what gets in the way of your doing a good job?" Staff then use the assessment findings to tailor an approach for each company. WINOC will help a company 1) gather information on problems, 2) identify specific problems and priorities, 3) develop and deploy a long-term plan for the company based on its priorities, and 4) achieve the goals the company has defined.

Based on input from surveys, telephone interviews, networking with external associations, and conversations with informal subgroups of WINOC members, WINOC has developed or refined several services, including

- **Business process engineering.** Services focus on the redesign of business processes to achieve significant increases in process speed (reduced cycle time).
- **ISO/QS 9000.** Services prepare organizations to become ISO/QS-certified by helping them develop acceptable systems, practices, and procedures.
- **High performance organizations.** Services help organizations increase overall job satisfaction, improve quality and productivity, and enhance customer relationships.
- **Self-directed work teams.** Teaches team members how to meet and exceed the requirements of customers.

In addition, WINOC also runs a number of special projects that bring its expertise to bear in specific industries. These projects include a health care consortium; an ISO/QS 9000 consortium; a small business suppliers project; and Built-Rite, a process that brings together building trades, contractors, and building owners to discuss common concerns on the construction site.

WINOC also engages in a variety of activities to share information and promote networking. These activities are the foundation for WINOC's marketing efforts. Two WINOC publications disseminate information on productivity, quality, and employee involvement. The *WINOC News* serves as a quarterly newsletter for sponsors and members. It contains case studies and feature articles. The *Communicator*, published monthly, announces upcoming programs. Periodic breakfast meetings sponsored by WINOC bring member companies together to hear presentations on timely topics. A resource library contains information on business improvement strategies and training materials.

Results

WINOC President Bob Meyer uses several processes to evaluate WINOC's performance.

Common History

To truly appreciate the impact of key service delivery providers in northeast Ohio today, one must understand the local political and socio-economic conditions that existed a generation ago. During the mid-sixties, the Cleveland area experienced a series of socio-economic disasters and political embarrassments. Urban riots divided the city racially and economically. The Cuyahoga River, which divided the city geographically, burst into flame, consuming its own pollutants. The crowning blow to the city's self-esteem occurred in 1978. Cleveland — home to numerous Fortune 500 companies and a world class symphony — became the first major city since the Depression to default on outstanding bank loans.

These incidents, disastrous as they were, were symptomatic of a more fundamental dilemma. Cleveland's rust belt economy could no longer compete in world markets. And the city's major industries — steel, automobile, and iron ore — were rife with high unemployment and friction between management and labor. Confronted with this crisis, Cleveland's business leaders joined forces and, in 1980, hired the management consulting firm McKinsey & Co. to identify reasons why Cleveland was no longer competitive and suggest ways to revive the local economy.

The McKinsey study presented a vision for change and a comprehensive economic development strategy. In response, the local leaders created a number of organizations to address the region's most pressing needs: Cleveland Tomorrow, to provide a formal structure to their change efforts; North Coast Harbor, Primus Venture Partners, Enterprise Development, Inc., and Gateway to provide venture capital funds and development expertise to incubate new businesses; the Cleveland Advanced Manufacturing Program (CAMP) to provide technical expertise to help modernize the region's industrial base; and Work in Northeast Ohio Council (WINOC) to foster cooperative relations between management and labor. (WINOC's creation was actually simultaneous with the McKinsey study. It was formed by Bill Sellers of Arthur Young based on concepts emerging from Young staff work with Honeywell. When Sellers saw the synergy between his concept for WINOC and the McKinsey study, the two efforts were brought together.)

These include 1) maintaining access to the local union leaders of the AFL-CIO (about 15 local union leaders serve on WINOC's board); 2) preserving ongoing dialogue between labor and management on key employment issues; and 3) serving as a credible source for the media on labor/management issues.

WINOC also judges its success by its ability over the years to meet the needs of northeast Ohio's corporate leadership. Enjoying CEO "buy in" from its inception enabled WINOC to hit the ground running. Perhaps the best indicator of success is the fact that the initial expectations that led Cleveland-area business leaders to create WINOC have been met. According to Meyer, WINOC has helped to bring labor/management harmony to northeast Ohio over the years. For example, the steel industry negotiated, without strife, a big contract with its union. Ford and General Motors, two large local employers, have reinvested in the community by making capital improvements to their main facilities. Still, labor/management relations continue to be an important niche for WINOC. The manufacturing sector is 30 percent unionized in the Cleveland area, double the national average.

History

The McKinsey study identified low productivity, poor quality, and archaic people practices as some of the reasons why Cleveland manufacturers were not competitive. WINOC was created by Cleveland-area business, labor, and government leaders in 1981 to deal with these productivity, quality, and people issues. Its mission was and continues to be to help improve the economic climate and competitive position of companies and organizations in the region by communicating to management and labor why changes are necessary, and where appropriate, providing assistance in making the needed changes.

The Cleveland and Gund Foundations, whose board members also served on Cleveland Tomorrow, provided seed money to create WINOC. The funds enabled WINOC to hire its first part-time president and CEO, Dick Jay, who came from Goodyear. Jay's primary role was to obtain corporate sponsors for WINOC and establish an executive committee. The seed money from the foundations also supported hiring Bob Meyer, current president and COO, who had been responsible for creating quality control circles at the Akron-based firm Babcock and Wilcox.

WINOC also received state funds to help companies resolve employer/employee conflicts. The Ohio Department of Development created the Ohio Labor-Management Cooperation Program in 1984 as part of a long-term economic development strategy to increase Ohio's competitive position in the global marketplace. The Office of Labor-Management Cooperation awarded grants to six regional centers and 16 area labor-management committees across the state. WINOC serves as the Northeast Ohio Center for Labor-Management Cooperation. In this capacity, it helps companies establish in-house labor-management cooperative initiatives and trains management and labor leaders in collaborative strategies and team-building .

Initially, loaned executives were recruited to help WINOC conduct training sessions. The reliance on external consultants and trainers created a number of problems: limited quality control, loss of customers to the presenters, and a limited ability to present customized programs. To address these concerns, in the late 80s, WINOC decided to hire additional internal staff, reducing (but not eliminating) its reliance on external staff.

WINOC always emphasized "the soft side of quality" – how to change the organizational culture and improve interpersonal

skills and collaboration in the workplace. Its first outreach programs were seminars presented by external consultants and trainers to teach upper management about productivity. Subsequently, WINOC programs began to emphasize quality control circles as a means of implementing total quality. WINOC services eventually evolved to provide companies with the chance to network and share best practices on total quality management. Thus, over its 15-year existence, WINOC has evolved from being a labor/management committee to a quality and productivity center. Currently, the hot topics among WINOC's local clients are ISO/QS 9000 certification, self-direction, and high performance work practices.

Structure

Although created by Cleveland Tomorrow, WINOC does not wish to be identified as a "Cleveland-only" organization, nor does it have a board composed only of business leaders. WINOC's 50-member board of trustees includes labor (union leaders), management (small company CEOs and large company vice presidents of human resources), academia, government, and assorted professions (e.g., lawyers, accountants).

WINOC is a 501(c)(3) not-for-profit organization. It offers several types of memberships: corporate (sponsors or members); union (federal and local labor unions); nonprofit (universities, government, agencies, and hospitals); and individual (faculty members and consultants). WINOC's 1994-95 budget was $1.3 million. The organization's revenue sources include membership fees, foundation and government grants, education sources, and fees for services.

WINOC's staff consists of three senior executives (chairperson/CEO, president/COO, and vice-president/director of advisory services), three trainers/consultants (a director of training and two advisory services staff), a core group of five external consultants (with ten to 15 consultants on call) that are used to supplement WINOC staff, and five administrative staff (two staff in marketing and communications, an office manager, a customer services manager, and a secretary).

Issues to Consider

Fourteen years after WINOC's creation, the organization's original sources of revenue are drying up. People in key leadership positions are turning over. During the 1990s, Cleveland area leaders have concentrated on other pressing priorities. Education reform, recreation/tourism, and premier downtown development projects, such as Cleveland's new baseball stadium, the basketball arena, the Rock and Roll Hall of Fame, and lakefront development, have captivated their attention.

Local corporations and foundations continue to provide WINOC with core funding, yet their philosophy of giving also is changing. The foundations, according to WINOC's president, are no longer interested in providing general operating funds. Their giving is more project focused. WINOC has had to change accordingly.

WINOC's traditional revenue streams – membership/corporate contributions, public programs, state grants, and foundation grants – have either decreased or remained level since 1991-93. In contrast, WINOC's fees for services have become increasingly important as a revenue source. The organization capitalizes on its breakfast meetings and workshops on hot issues to attract a lot of potential clients. These meetings frequently lead to subsequent training and technical assistance contracts. Yet as a not-for-profit organization, WINOC has to watch its mix of revenue sources carefully in order to maintain its tax exempt status and remain eligible for foundation grants.

In addition, WINOC's leaders are exploring alternative funding sources, such as federal and state grants. The search for diversified funding also is pushing WINOC to align with other organizations, such as CAMP/GLMTC, which receives government grants. Either WINOC has to develop expertise in writing grants, according to Meyer, or it has to partner increasingly with groups such as CAMP/GLMTC.

CLEVELAND ADVANCED MANUFACTURING PROGRAM/GREAT LAKES MANUFACTURING TECHNOLOGY CENTER

Program Description

CAMP serves as a regional research, development, deployment, and training resource. Its activities and services encompass four broad areas:

- **Technology research and development.** The proposal to establish CAMP called for the creation of centers for research and development of advanced manufacturing technology at Case Western Reserve and Cleveland State. To date, five centers have been established:
  - Center for Automation and Intelligent Systems Research (CAISR) at Case Western Reserve University (this center focuses on artificial intelligence technology);
  - Edison Sensor Technology Center at Case Western Reserve University;
  - Advanced Manufacturing Center at Cleveland State (this center focuses on machine performance applications);
  - CAMP - Penn State - Erie Plastics Technology Deployment Center; and
  - CALS (continuous acquisition and life cycle support) Shared Resource Center (this center focuses on electronic commerce).

  CAMP/GLMTC recently received funding from the U.S. Department of Commerce to operate a Small Business Development Center, which enables it to add business support to its technology deployment services for small manufacturers.
- **Modernization and continuous improvement projects.** These projects are the foundation of CAMP/GLMTC's outreach program, which is operated on a fee-for-service basis. CAMP/GLMTC engineers are trained to take a comprehensive, problem-solving approach. They do not just provide technical expertise, but also help companies analyze their human resource needs arising from the introduction of technological innovation, and bring in other experts, as warranted, to address related needs. To this end, according to George Sutherland, CAMP's director, "we look for people with an aptitude for convincing companies that they need to make changes, individuals who are able to sell another individual on the need to do something."

  CAMP/GLMTC has developed a number of assessment tools to help its field staff identify company needs:
  - **Services to Improve Your Technical Edge (SITE).** This structured assessment methodology is used to analyze the technical, manufacturing, and related areas of small manufacturing companies (500 employees or less). A two-person team, which has been trained by CAMP/GLMTC to use the methodology, will typically spend one day conducting the assessment for every 50 employees in a company. Typical problems uncovered by an assessment are poor internal communications; inadequate information

Services Provided

- Technology research and development
- Modernization and continuous improvement assistance
- Education and training
- Information services

SITE Process

- **Phase one:** The team compiles background information by interviewing the company owner or primary manager, reviewing relevant company documents, and analyzing responses to a 300-question survey that company officials complete.
- **Phase two:** The team visits the plant site, conducts a detailed tour of the facility in order to observe operations, and interviews managers from all departments. The team constructs a process flow chart for tracking materials and production stages through the plant.
- **Phase three:** The team analyzes the data. Team members look for ways to eliminate inefficiencies and costs in priority areas related primarily to core manufacturing processes and secondarily to business operations, such as sales and accounting. Findings and recommendations are presented to company managers by the SITE Team during a two-to-three hour briefing on site.

systems; and/or the lack of understanding within a company of its own manufacturing processes and costs.

A complete assessment cycle, from initial survey to final report, generally takes from two to four weeks and requires 30 to 40 person hours. The cost is $1,200 per day for each day of in-plant work, which includes all pre- and post-preparation and report generation. CAMP/GLMTC is willing to conduct the assessment in phases, in order to make the costs more manageable for small companies. In addition to training their own staff on the SITE assessment methodology, CAMP/GLMTC will train staff from other manufacturing technology centers and other organizations. The training generally costs between $4,000 and $7,000.

- **Human Resource Needs Assessment (HRAP).** CAMP/GLMTC, in conjunction with the midwest and southeast MTCs and WINOC, and with funding from the U.S. Department of Labor and the National Institute of Standards and Technology (NIST), has developed a comprehensive human resource needs assessment tool. The assessment tool and protocol are intended to measure the abilities of employees in manufacturing to improve quality, productivity, and competitiveness. Comparable to a technology assessment, findings from the human resource assessment enable companies to address their needs in areas such as compensation systems, training, and other personnel practices.
- **Environmental Assessment.** CAMP/GLMTC, in partnership with Michigan's Industrial Technology Institute, is piloting an integrated, environmental and manufacturing assessment tool. The assessment is designed to help companies reduce or eliminate pollution in company operations. The environmental assessment is a logical extension of CAMP's Environmental Services Program, which teaches manufacturers to adopt environmentally conscious technologies, integrate new management techniques, and streamline operations.

The range of assessments reflects CAMP's commitment to adopt a comprehensive approach to solving manufacturing problems. The assessments also provide an avenue for additional income from fee-for-service projects to address issues identified in the assessments. (CAMP/GLMTC staff provide approximately one-third of the follow-on improvement services directly and sub-contract with other organizations to provide the remaining follow-on services.)

- **Education and training.** CAMP has established a facility at Cuyahoga Community College for training and educating an advanced manufacturing workforce. This facility includes the Unified Technologies Center and the Manufacturing Learning

Center. Through the Manufacturing Resource Facility, the Unified Technologies Center provides a single resource for technology demonstrations, project work, upgrading, training, and robotics cells, while the Manufacturing Learning Center (a cooperative effort among CAMP/GLMTC, Cuyahoga Community College, and Cleveland State University) provides companies with hands-on practical training and education in advanced manufacturing operations.

- **Information services.** CAMP/GLMTC offers a variety of information services to raise business leaders' awareness of advanced manufacturing techniques, and the services CAMP/GLMTC offers to help companies implement these techniques. Staff are trained to explain CAMP/GLMTC services to potential customers. By visiting companies and sponsoring education events, CAMP/GLMTC staff have described the organization's programs to over 7,000 companies. Most of the organization's work has come as a result of follow-up from these contacts. (CAMP/GLMTC does receive some referrals from local consulting companies.)

  CAMP/GLMTC sponsors a variety of educational events to promote technology awareness and inform manufacturers about specific techniques and technologies. (It conducts at least three educational events a month.) It has created an extensive data base to track who attends its meetings and the priority issues raised. CAMP/GLMTC staff may plan special sessions around these priorities and invite a group of companies to attend.

  CAMP/GLMTC also runs an Information Resources Service that assists companies by researching, locating, and evaluating requests for specialized information. In addition, CAMP/GLMTC provides "instances of technical assistance" – anything less than eight hours of technical service – at no charge. CAMP/GLMTC also offers more traditional information services, i.e., a newsletter and a quarterly journal.

Results

Between 1984 and 1994, CAMP/GLMTC contacted 6,900 companies; conducted 2,600 new plant visits; conducted 821 industrial projects; had 22,100 individuals participate in educational events; and received $100,000,000 in cumulative funding. From August 1989 through December 1994, CAMP/GLMTC staff conducted over 100 SITE assessments, and made both short-term and long-term recommendations. Every company that received a SITE assessment requested proposals for improvement projects; about half of the requests resulted in follow-on work. An independent evaluation called CAMP "one of the best manufacturing assistance programs in the U.S."

History

The McKinsey report commissioned by Cleveland Tomorrow identified the lack of capital investment as one reason for the Cleveland manufacturers' reduced competitiveness. To address one aspect of this problem, the report recommended the creation of a not-for-profit research and development center dedicated to improving area manufacturers' use of advanced technology. (The financial aspect of this problem was addressed through the creation of such entities as Primus Venture Partners and Enterprise Development, Inc.) The entity initially formed was the Advanced Integrated Manufacturing Technology Program (AIMTEP). AIMTEP's goal was to develop a partnership among industry, higher education, and government "to develop increased university-industry cooperation and to strengthen our local universities' capabilities in order to improve greater Cleveland's economic vitality."

CAMP emerged as part of AIMTEP's effort to bring government in as a partner. AIMTEP was positioned to be part of the state-initiated

Thomas Edison Program. The first Edison grant, which created CAMP, provided about $4.1 million over two years. In 1989, the National Institute of Standards and Technology (NIST) provided funding to CAMP as the Great Lakes Manufacturing Technology Center (GLMTC). CAMP's mission was expanded accordingly to bring appropriate technical innovations to bear on improving companies' manufacturing and work processes. The problem identification and solution implementation approach behind technology deployment continues to undergird CAMP/GLMTC services.

CAMP/GLMTC serves approximately 12,000 manufacturers in the northern half of Ohio and in northwest Pennsylvania, excluding Pittsburgh (which is served by another nationally-funded center). As with other Manufacturing Technology Centers, CAMP/GLMTC helps companies assess their technological needs. It also serves as a regional research, development, deployment, and training resource.

Structure

CAMP is governed by a 13-member Council of professors, researchers, business leaders, and academic leaders. The main office is located in downtown Cleveland with four affiliated centers and five outreach offices housed at area institutions.

CAMP/GLMTC has an operating budget of over $22 million, drawn from a mix of federal, state, business, and other sources. In recent years, funding from the federal government and the private sector has increased in absolute dollars and as a proportion of the budget. CAMP/GLMTC may charge for its services, but the organization also is able to use its state and federal grant monies to underwrite services to small companies that could not otherwise afford the assistance.

There are 62 staff at CAMP/GLMTC, 46 of whom are full time. Most of the staff have been trained as engineers. CAMP's management structure includes a director and managers of Industry Programs, Technical Programs, Technical Support Services, and Outreach Programs.

CAMP/GLMTC's outreach programs are staffed by technology application engineers (TAE). These engineers help companies identify and assess opportunities for improvement and, as necessary, link the companies to people and/or technologies that can improve their manufacturing processes. TAEs primary function is to match the technology modernization, development, deployment, and training needs of manufacturers with resources available within the GLMTC and beyond. The TAEs work out of the Cleveland office and in five affiliated regional technology assistance outreach centers (Youngstown State University's Technology Development Corporation, Akron Regional Development Board, Stark Technical College, Lorain Community College, Edison Industrial Systems Center).

Technology program managers provide follow-on assistance in areas identified through the assessments conducted by the TAEs. They design business systems and plant layouts to help companies deploy new technologies.

Based on its 1993 strategic plan, CAMP/GLMTC is restructuring to organize and integrate its activities to support the companies' development in eight areas: engineering, production processes, business systems, organizational structure, marketing, financing, human resources, and environmental awareness.

Issues to Consider

CAMP/GLMTC continues to reassess and expand its original technology-driven mission. In 1992, the organization initiated its first comprehensive top-to-bottom, bottom-to-top strategic planning process. The strategic plan altered CAMP/GLMTC's own work concept, reorganizing and integrating services to support the progression of client companies through a series of development phases. The

organization also formulated a new vision and mission statement. Its five goals are to

- Substantially improve and expand the scope and delivery of high quality services to manufacturers.
- Diversify and expand public sector participation in CAMP/GLMTC initiatives.
- Build and continuously improve a broad network of external relationships and strategic alliances.
- Enhance cooperative working relations between CAMP/GLMTC and affiliated college and university centers.
- Enhance CAMP/GLMTC's organizational environment to support continuous learning, encourage teamwork, facilitate individual growth, and promote internal as well as external customer satisfaction.

STRATEGIC ALLIANCES AND SERVICE INTEGRATION

To further support a comprehensive approach to solving companies' problems, both CAMP/GLMTC and WINOC continue to search out new strategic alliances. Three projects highlight this use of strategic alliances as a foundation for delivering integrated services:

- **ISO 9000 consortia.** CAMP/GLMTC and WINOC have created several consortia of small companies interested in obtaining ISO 9000 certification. The original purpose of ISO 9000 was to establish quality standards for companies conducting business in Europe. With the "globalization" of the economy, U.S. companies began requiring their suppliers to be certified for ISO 9000. Companies could typically expect to pay a consultant upwards of $50,000 to help them prepare for a formal audit by an ISO 9000 registrar.

  In 1993, Jack Bares, president of Milbar Corporation and a member of the Greater Cleveland Growth Association, provided a grant to CAMP/GLMTC and WINOC to create the first Cleveland-area ISO 9000 consortium. Having learned what ISO 9000 training would cost Milbar alone, Bares offered WINOC and CAMP/GLMTC the opportunity to leverage his $50,000 contribution by pooling the resources of up to ten small companies that only had to pay $6,000 to $8,000 each. (The companies in the consortium would pool the cost of the training, supplementary materials, and hands-on assistance).

  As part of their consortium efforts, WINOC and CAMP/GLMTC staff conduct a preliminary "gap analysis" – a simulated ISO 9000 audit for each company. After initial joint ISO 9000 training sessions, consortium members meet on an as-needed basis, at their request. In an effort to build internal capacity among consortium members, the companies audit one another. Staff work with individual consortium members to prepare them for the external audit that leads to ISO 9000 certification.

  Since that first effort, WINOC and CAMP/GLMTC have formed three more ISO 9000 consortium in the Cleveland/Akron area. Without the benefit of the start-up grant, each member company now contributes between $12,000 and $18,000 for the ISO 9000 programs.
- **Skills for Industrial Modernization (SIM).** The U.S. Department of Labor and NIST awarded WINOC, CAMP/GLMTC, the Unified Technologies Center at Cuyahoga Community College, and the Council for Adult and Experiential Learning (CAEL) a joint Skills for Industrial Modernization (SIM) challenge grant to create a learning consortium of best practices. The award will provide a formal infrastructure to the organizations' collaboration and an additional venue in which the organizations can pool their resources and expertise.

  The consortium engages six small manufacturers from the Cleveland area that are considered to be early innovators and

leaders of industrial modernization. The initial focus of the learning consortium is to asses the balance of human resource systems, technological systems, and technology deployment that currently exists in the companies, increase the companies' awareness of the attributes and best practices of high performing organizations, and help each member define a vision for its desired future state. The consortium aims to develop, within each company, a supportive environment (culture) for attaining a high performance organization with employees engaged in continuous learning.

- **Workplace modernization labor outreach.** CAMP/GLMTC is one of four manufacturing technology centers receiving funds from the NIST/Manufacturing Extension Program to develop and pilot programs for integrating organized labor into modernization activities. The project, which is a collaborative venture with the Work & Technology Institute, intends to 1) reach out to, orient, and educate the organized labor community about industrial modernization techniques and their impact on a company and its workforce; and 2) develop two to four pilot projects in which labor and management collaborate in defining the intended future direction of the company, assessing the current state of the organization, and developing a modernization (competitiveness) plan to achieve the desired state. GLMTC, with WINOC's support, is expected to be a key resource in these activities and in any follow-on improvement activities.

Keys to Success

Individually and collectively, WINOC and CAMP/GLMTC offer important insights to other service providers that wish to benefit from their experiences.

- **Seize the moment.** Crisis breeds opportunity. Both WINOC and CAMP were born out of crisis, the offspring of a powerful public/private sector collaboration that exhibited forceful leadership. Community leaders handed these organizations an urgent charge: modernize local industries and bring labor and management together. Immediate funding gave these organizations the ability to respond quickly to develop needed programs and services. "We were in the right place at the right time," observes WINOC's Bob Meyer.
- **Be proactive in maintaining leadership support.** To their credit, these organizations also realized that while being timely and well positioned can maximize opportunities, it is no guarantee of longevity. Consequently, WINOC and CAMP/GLMTC have made an effort to stay in tune and in touch with area leaders. They employ multiple sensing mechanisms – placing local leaders on their respective boards, seeking the leaders' input on critical issues, convening regular meetings to address leaders' priority issues, and maintaining informal communication linkages with the leaders.
- **Diversify champions and funding sources.** Individually and collectively, these organizations focus on maintaining and enhancing collaboration among their customers – business, labor, government, and academia. The benefits are multiple: over time, WINOC and CAMP/GLMTC have attracted, leveraged, and maintained diverse funding sources. They use their foundation funds strategically to develop new products and services. In addition, they may charge a fee for their services. According to Renold Thompson, WINOC's part time chair: "If you start giving away the services, people lose respect." Simultaneously addressing the needs of multiple stakeholders in a community also is a strategy that can help WINOC and CAMP/GLMTC align all of the stakeholders' with the organizations' actions – in working on long term economic development, community investment, and quality of life issues.

- **Be focused but flexible.** These two organizations have remained true to their original missions. Yet they have expanded their initial services to meet customer needs and take advantage of new business opportunities. WINOC focuses on building collaborative labor management practices, but in the larger organizational context of quality and cultural change. CAMP/GLMTC focuses on helping companies deal with technical innovation, but has incorporated human resource development into its work. These examples illustrate the need for service providers to remain focused on core competencies, but in the larger context of meeting their customer's more comprehensive work restructuring and systemic change needs.
- **Seek strategic alliances with kindred spirits.** Interestingly, the strategy of integrating services was not advanced at the outset when northeast Ohio first designed its development strategy 15 years ago. There was no integration plan when Cleveland Tomorrow was created. WINOC and CAMP began as independent organizations with compatible, but separate missions. However, a deep understanding of their customers' needs forged a proactive alliance.
- **Use activities strategically to identify additional business opportunities.** As increasing numbers of small companies have had to downsize or redeploy their workforces, their needs have shifted from building awareness and information sharing, to hands-on assistance, technology application, and capacity building. Service providers have had to shift their services accordingly. Thus, informational and networking meetings sponsored by WINOC and CAMP/GLMTC have become important means to an end rather than ends in themselves; they now pave the way for follow-on business.

  The result of WINOC's and CAMP/GLMTC's evolutions has been a delicate balance of effectiveness and efficiency. These providers have had to become more hands-on to serve customer needs, yet more formalized in their methodology to be cost effective. WINOC and CAMP/GLMTC have developed a formal needs assessment as a critical improvement tool. Not only does the formal assessment help companies identify priorities and the connections among them, it also highlights opportunities where service providers can conduct subsequent work.
- **Partner with your customers.** WINOC and CAMP/GLMTC work hard at developing customer loyalty. Their experiences indicate that small companies are likely to seek external assistance from and develop a trusting relationship with providers with whom they have worked successfully in the past. Small companies may initially be interested in working on small projects, where they can see the savings relatively quickly. However, helping these companies solve their initial problems, and building a good relationship, can often lead to other engagements.

  Creating consortia is another important strategy in serving small companies. The existence of a consortium enables service providers and member companies to become partners in identifying priorities and designing appropriate solutions. Participating in a consortium also helps make services affordable for small companies, and enables consortium members to serve as resources for each other.

UPDATE

WINOC

WINOC is working hard to sustain the strategic focus on quality and labor management that has characterized its services. At one point, ISO/QS 9000 training represented up to 40 percent of WINOC's fee-for-service income. With more and more providers competing for clients, ISO and QS training has become a commodity market with lower profit margins and less

opportunity to demonstrate added value vis-a-vis competitors. WINOC has scaled back its ISO/QS offerings to refocus on more strategic services. Two recent initiatives reflect this renewed strategic focus:

- **Workforce development.** WINOC is getting more involved in workforce development. It is extending its SIMS project to other firms, and providing additional training outside of the project to the original companies participating in SIMS. WINOC has also received funding from the Gund Foundation to work with unions and promote site-level learning committees. WINOC is developing coaching/training programs for labor to help them better understand their role in blue collar workforce development. WINOC hopes this pilot effort will serve as an avenue to new services providing incumbent worker training.
- **Public education.** WINOC is working with the Cleveland public schools system to revamp its labor-management committee.

Commodity-like services will continue to play a key role in WINOC's marketing. WINOC staff recently completed a book, *People Make the Difference*, which summarizes the lessons they have learned in the last 15 years facilitating change in companies. They are conducting a series of conferences around this publication.

The state of Ohio received funding from the Federal Mediation and Conciliation Service to develop nine training programs supporting labor-management committees. Two of these programs will be developed by WINOC – *Starting a Labor-Management Committee* and *Advanced Facilitator Training*. (The National Labor-Management Association has agreed to help market the completed training programs nationally.) The state has also asked WINOC to provide technical assistance to labor-management committees throughout Ohio.

Two changes in senior staff distracted from WINOC's efforts to sustain its strategic focus. First, WINOC's chairperson died (WINOC is currently working under an acting chairperson). Second, WINOC's vice-president left to work with one its client firms (a new VP has been hired).

CAMP/GLMTC

CAMP/GLMTC remains one of the premier organizations in the NIST manufacturing extension partnership. Three items are worth noting in this update:

- **Use crises to create efficiency.** At the time of the initial case study, CAMP/GLMTC was implementing a strategic plan. At the time of this update, respondents reported that CAMP/GLMTC was a more efficient and effective organization. This was due more to restructuring resulting from a few months of negative cash flow than to the strategic plan. CAMP/GLMTC had too aggressively expanded in anticipation of program growth from grants. When this growth did not occur, it had surplus staff. Management was forced to eliminate marginal programs, cut costs, and place a renewed emphasis on sales. After a lag of six months, the organization is "better than ever," having realized its best month ever.
- **Engage partners.** At the time of our initial case study, CAMP/GLMTC was moving from working as a single entity to working in partnership with other organizations. At this time, CAMP/GLMTC staff feel they have learned to work *effectively* with partners. In many of its first partnerships, the transactions between partners consumed everything and produced no results. CAMP/GLMTC found that while the idea of leveraging resources sounds great, it is very hard to pull off. It learned that successful partnerships require it to be 1) very careful about selecting partners, and 2) rigid about setting goals and objectives, and sticking to project plans.
- **Stay at it.** CAMP/GLMTC is very good at the things that it does. One of its chal-

lenges is to stay at it – it could slip or take on things at which it would not excel. For example, CAMP/GLMTC management felt that the research and development side of the organization had "slipped." Projects had become too university based and were not meeting industry needs. To address this, CAMP/GLMTC created a competitive funding process modeled on the NIST Advanced Technology Program (ATP). Under the new process, projects are judged by a panel of industrial R&D vice-presidents. Each proposal is evaluated based on three criteria: economic impact, commercialization plan, and industry participation. This process has resulted in "great projects."

Contacts

Robert Meyer
President
Work In Northeast Ohio Council
6200 Rockside Woods Boulevard
Suite 300
Independence, OH 44131-2332
Phone: 216/520-0770 ext. 225
Fax: 216/520-0776

Alan Brown
CAMP/GLMTC
Prospect Park Building
4600 Prospect Avenue
Cleveland, OH 44103-4314
Phone: 216/432-5358
Fax: 216/361-2900

Right Place Program

Key Features

- Business driven
- Privately funded
- "Virtual" consulting

Services Provided

- Consortia development
- Technical assistance

The Right Place Program (RPP) was started in 1985 as a traditional "bricks and mortar" economic development program. Its main purpose was to attract, retain, and expand businesses in the Grand Rapids Michigan area. It has evolved to offer companies a rich mix of services, including industry councils, continuous improvement user groups (CIUGs), and organizational development and training. RPP's four major operating objectives are to

- Function under leadership from the private sector in order to develop optimal relationships,
- Develop organizations' capacity to use knowledge for improvement and innovation,
- Develop the workforce's knowledge, behavior, and skills, and
- Integrate knowledge, services, and relationships to address business' needs.

RPP serves only manufacturing companies, primarily those within Kent County, Michigan. There are approximately 1,100 manufacturing companies in this area. Of those 1,100 potential customers, RPP served more than 120 during the 1995 calendar year. RPP works to identify issues affecting a significant percentage of its companies. Its services are predicated on the use of groups of companies with a common need (e.g. the need for improved tooling technology). These company consortia, with a recognized and defining central purpose, then use group interactions to arrive at collective solutions to their business modernization needs. They rely on RPP for facilitation and access to necessary expert assistance from service providers.

As RPP becomes more closely aligned with businesses, local providers seek expanded partnerships with the RPP in order to access these groups of businesses and provide services. RPP chooses to work with a limited group of proven, experienced, and effective service providers and individuals. These service providers include RPP staff, community colleges, universities, consultants, the local Public Education Fund, and the Michigan Manufacturing Technology Center (MMTC).

The development and growth of the Right Place Program has taken place on the "authority" of key business and community leaders who committed both time and financial resources to the endeavor. Fund raising is based on five year pledges, with 85 percent of RPP's budget coming from private funds. (RPP has raised $4 million locally for 1995-99.) There is no membership fee for companies to participate in the RPP. There has been no formal authority sought or granted for much of what the program has accomplished; instead a combination of local influence and the program's momentum have provided enough authority to furnish opportunities for success.

Program Description

RPP develops and offers programs of interest to itself, manufacturers, and facilitators. RPP helps build programs that no single company could build by itself. Among the services provided by

the RPP are networks (councils and continuous improvement user groups), the Performance Place, and education initiatives.

- **Networks.** RPP's initial reputation was built on the formation of industry networks. RPP staff listened to local businesses and identified their needs and concerns. RPP used the information gathered to identify common concerns that could best be addressed by a *group* of companies. RPP operates two types of networks:
  - **Councils.** One of the RPP's earliest efforts to provide an organized forum for companies to discuss broad-based issues was the Manufacturers' Council. Over three-quarters of the manufacturing firms in the Grand Rapids area have fewer than 50 employees, and the council was set up to represent this mix of companies. The Manufacturers' Council has served as an articulate voice of companies in the largest sectors of the Grand Rapids regional economy. The Council's vision is to make western Michigan an internationally recognized area for manufacturing productivity. Its mission is to implement the principles and practices of world class manufacturing, and its objectives are to 1) learn best practices together with member companies, 2) bring new ideas to member companies, 3) prepare the emerging workforce for employment with member companies, and 4) improve the public's image of manufacturing as both a part of the economy and a valuable career option.

> *"We weren't going to be content specialists. We can be project managers – we facilitate [by] bringing all the people together."*
>
> Steve Nobel, RPP Vice-President

RPP Industry Councils

- Manufacturers
- Office furniture
- Medical products
- Automotive suppliers
- Aerospace
- Tooling
- Allied professional associations
- Technology

The Manufacturers' Council currently meets every other month, and holds two conferences each year. These meetings have a guest speaker who discusses a topic related to high performance, followed by a choice among four to five break-out sessions featuring local companies with experience in the day's topic. RPP identifies potential presenters, and the council finalizes meeting agendas.

The initial membership of the Manufacturers' Council did not represent all of the manufacturing sectors in the Grand Rapids area. RPP formed additional councils (see box) to address this oversight. Of these additional councils, the Office Furniture Industry Council is the most developed. It is comprised of seven of the largest producers of office furniture and systems in the United States, and shares the same mission as that of the Manufacturers' Council. The objectives of the Office Furniture Industry Council, however, are to 1) eliminate waste in the customer-supplier relationship, 2) standardize quality requirements, and 3) standardize communications protocols.

  - **Continuous Improvement User Groups (CIUGs).** Break-out sessions featuring all local companies were introduced as part of the Manufacturers' Council's fourth annual conference. At that time, member companies were asked if they would be interested in forming "user groups" focusing more closely on specific presen-

tation topics. The response and the ensuing sign-ups were overwhelming. These user groups became known as "Continuous Improvement User Groups."

CIUGs have from six to eight companies, and meet every six to eight weeks, to discuss and solve business-related problems. New groups are created whenever three to four member companies express interest in working together on a new issue. No two CIUG groups are alike. Each CIUG decides how many representatives from each company, and what positions the representatives hold. (The first users group included six companies, with three people from each company – the CEO, a front-line supervisor, and an employee from the plant floor – participating. Over the years, the CIUGs have evolved to include representatives from all levels and departments.)

RPP has found that CIUGs work best if they use a facilitator; without a facilitator, CIUGs tend to discontinue their efforts prior to achieving their goals. Each CIUG chooses its own facilitator and negotiates a contract with that person. The facilitator is then hired through the RPP, which incorporates the cost of the facilitator into its charges to CIUG member companies. In this manner, the facilitators, and each CIUG, are ultimately responsible to the RPP's business members – not to the RPP itself.

A typical CIUG meeting revolves around a plant visit to a member company. Each meeting focuses on a single topic. Normally, the facilitator makes a one-hour presentation on the topic of the day. Teams then go out to different areas of the host-company's production floor, for about two hours, to conduct topic-related assessments. The teams make presentations to the host plant's management on what they observed and their recommendations for improvements. (The owner/CEO of one company shut down his entire plant for the team presentations so that all his employees could hear the presentations and benefit from the learning experience.)

Requirements for CIUG Success

- Focal issue from industry champion/early adopter
- Companies at the same level of development
- Extended member commitment
- Facilitation

❑ **Performance Place.** The Performance Place, opened in 1994, is an 8,000 square foot restored manufacturing facility. It has classrooms, conference areas, and workrooms with furniture and equipment to support a variety of meeting types and purposes. The facility provides a physical location where members of the Manufacturers' Council can conduct workshops and training programs. The space supports collaborative work and learning, as well as work alone.

The Performance Place is more than a training and workshop facility, it is also a means of realizing RPP's vision. The Performance Place brings together leaders of local businesses and qualified facilitators to focus on performance issues in the workplace, and help the organizations adopt world class standards and practices. It is a practical application of RPP's model of a world class manufacturing organization.

The Performance Place has a staff of five – three from RPP, and two from the Grand

World Class Manufacturing Organization

Seeks to gain a competitive advantage by creating a work environment where people can work together to accomplish a shared purpose by continuously improving their work processes and technology

The Performance Place

Rapids Community College's Applied Technology Center. The Manufacturers' Council screens providers, and develops, manages, and promotes the Performance Place. Individuals conducting workshops at the facility agreed to receive only one-half of their usual daily rates. Fees for the Performance Place's services are paid by participating companies.

Several features of the Performance Place's services deserve attention. These include

- **Addressing knowledge needs at all levels.** RPP has found that many companies have not yet adopted the quality performance and workforce development practices needed to benefit fully from the CIUG format. RPP and the Manufacturers' Council planned and opened the Performance Place in order to provide the level of training required for these firms, and all its member companies.
- **Assisting with strategic planning.** One of the primary programs offered through the Performance Place is a strategic planning workshop. This workshop, which uses the world class manufacturing organization model to conduct strategic planning and set priorities, provides a focus for a company's change efforts. RPP also works with companies to help them implement their strategic plan. The challenge for RPP is to devise a "learning plan" using the tools from RPP and the Performance Place – training, reading, consulting, user groups, business strategy development, and restructuring – that will build individuals' knowledge and help make the company a world class organization.
- **Providing seamless services.** To differentiate itself, RPP provides comprehensive, integrated services. It accomplishes this by adopting an organizational focus (the world class manufacturing organization model) and using multi-disciplinary teams to deliver services. It is important to RPP that client firms see a single provider and not the interactions of various providers involved in any particular service.

To create the perception of a single provider, RPP and a core group of service providers meet monthly to improve existing services and develop new products. RPP's "mental models" provide a common core to guide the development of products and services (for example, training programs are offered around the elements of a world class manufacturing organization – purpose, people, process, work environment, and technology). RPP has found that using the Performance Place for both knowledge development and

> *"The problem with most small companies is they don't know they have a problem."*
>
> Jim Zawacki, Owner
> Grand Rapids Spring and Stamping, Inc.

Midwest Manufacturing Technology Center Affiliate

RPP serves as a regional affiliate for the Midwest Manufacturing Technology Center (MMTC). But RPP is not a typical manufacturing extension partnership program:

- It is, in essence, a "virtual" extension service. RPP identifies providers and specialists to perform the actual manufacturing technology center work, to the benefit of the company, RPP, and the consultant.
- It does not focus on technology. Rather, RPP sees technology assistance as part of its overall services, and addresses technology issues within a larger framework of company improvement.
- It maintains a market driven approach. Delivering only what business wants enhances RPP's ability to provide cost effective services.

project implementation ensures that companies coordinate and align the multiple activities and changes needed to implement the companies' strategic plan.

- **Conducting plant tours.** One of the best ways for managers and employees in small and mid-sized firms to learn is to see "best practices" in action. Twelve of the "early adopters" identified by RPP have arranged plant tours of their companies. These tours allow other companies to see some of the world class practices RPP promotes. By showing companies what RPP teaches, and some of the results of RPP's efforts, the tours actually encourage new companies to get involved with RPP. The plant tours are scheduled once a month, and the first tours were filled to capacity almost as soon as they were announced.

- **Education initiatives.** RPP recognizes the importance of skilled employees to a company's success. It has undertaken several education initiatives to help ensure its members will have access to an adequate supply of skilled labor. First, RPP worked with the business community to identify desired employability standards, i.e., the skills business needed in its entry-level workforce. These skills formed the basis for RPP's involvement in a tech prep program with local high schools, which is now in its second generation. In this program, five manufacturers work with teachers, arrange visits to the plant floors, interview students for entry to the program, help with curriculum development, and commit to hiring students who complete the program. (RPP's original plans called for creating a certification based on the employability standards; these plans were dropped when the unemployment rate in Grand Rapids went down.)

  Second, RPP joined with the Applied Technology Center (ATC) to upgrade the skills of existing workers. ATC is a state-of-the-art training center owned and operated jointly by the Grand Rapids Community College and Ferris State College. ATC has taken RPP's employability standards and developed a 40-hour curriculum on "manufacturing principles" which it offers to shop floor employees. The program, provided either at companies' sites or at ATC, is part of the community college's occupational education program. While the Performance Place focuses on developing the knowledge and ability of CEOs, ATC focuses its own training on hourly workers and the technical training they require. The relationship between RPP and ATC extends beyond this program, with frequent referrals between the two organizations.

A Glimpse of the Future

RPP and the Performance Place are considering providing focused, comprehensive services to company consortia — from 35 to 50 firms at a time. These services would be designed and delivered by "case teams" made up of the RPP's providers. This will allow the RPP to provide truly "cross-functional," integrated services to businesses. The approach would include such services as needs assessments, identification of appropriate services to meet the needs, and help tracking demonstrated results and impacts. RPP would then turn its "spotlight" on these 35 to 50 companies to tout the benefit of the integrated services, and pull in participants for the next consortia.

Results

Five indicators highlight RPP's success as an organization:

- RPP is on its third five-year funding cycle.
- RPP continues to add industry councils.
- There are 25 to 30 CIUGs active at a time, and over 200 CIUGs have been active since 1992.
- The Performance Place is operating successfully.
- Companies report that the quality of services offered by providers has improved as a result of the work done by RPP. This is

true even though the providers used by the RPP were carefully screened so that only experienced and proven providers facilitated groups or workshops.

But the success of RPP's members is what is more important. Companies that have taken advantage of RPP's extensive services have demonstrated both positive and impressive results:

- **Grand Rapids Spring and Stamping, Inc.** Jim Zawacki purchased Grand Rapids Spring and Stamping, Inc. in 1985 when it had 60 employees and sales of $5 million. In 1995, the company employed 130 workers and had sales of $23 million. Working with RPP, Grand Rapids Spring and Stamping has introduced a number of innovative and creative work practices. It considers all employees to be business people who together "run the plant." To support this business orientation, the company has established four mini-companies within itself. The company has no time clock and no set hours of work. Weekly, one-hour training sessions help sustain employee commitment. Topics include the company's vision statement, cultural awareness and sensitivity, new work processes, and workplace safety. The level of technical skill and personal confidence among production workers has grown to a point where one hourly worker from Grand Rapids Spring and Stamping has made presentations to groups of 500 business people, and has written a number of technical articles.

  The company has changed the composition of its workforce and increased the technical support it provides its workers. Grand Rapids Spring and Stamping employs eight engineers, including five certified quality engineers. The company has developed a strong apprenticeship program to help ensure it has a pool of qualified and committed future employees. It has made sure that there is one personal computer for every two employees, and has created a network linking these computers together. Finally, the company decided to reduce its customer base from 600 to 50 in order to establish better and closer relations with a core group of companies that would provide it with optimal growth opportunities.
- **Wolverine Coil Spring Co.** This family-owned spring manufacturing company began to work with RPP four months prior to the site visit for this case study. The president of the company, Jay Dunwell, first contacted the director of the Performance Place to learn what workshops were available. According to Mr. Dunwell, Wolverine Coil Spring has a history of "fly and die" planning, having attempted a number of new management and/or production processes in the past, only to have them dismantled a short while later. This time, when Mr. Dunwell realized that Wolverine needed a model for corporate learning and training, he approached the Performance Place and RPP for help. From Mr. Dunwell's perspective, using the Performance Place's services to gain and implement knowledge ensures that services are well coordinated and aligned. This coordination and alignment was achieved because RPP assessed *all* of Wolverine's needs, and then provided a broad spectrum of training to meet those needs.

  After employees from Wolverine attended a strategic planning workshop at Performance Place, Wolverine began using the RPP's "world class" model to conduct company strategic planning and set priorities. Mr. Dunwell is also devising a "learning plan" for Wolverine using the tools he received from RPP and the Performance Place.

  Getting knowledge into the hands of his employees has included having all managers and supervisors read the book *New Shop Floor Management*, and then meet weekly to discuss successive chapters. Mr. Dunwell hopes this process will develop individuals'

commitment to the company and lead to the development of a company vision. Employees from Wolverine conducted plant tours of their own company, on specific issues addressed in *New Shop Floor Management*, to determine the level of Wolverine's adherence to the concepts discussed in the book.

Wolverine is paying for employees to attend workshops at the Performance Place. While Wolverine is only in the beginning stages of an ongoing process, Mr. Dunwell is positive that this time, with the help of the staff at RPP and the Performance Place, his company will not repeat the "fly and die" routine of the past.

- **Clipper Belt Lacer** is actively participating in RPP user groups. In addition, with training from RPP, everyone at Clipper has learned, and uses, problem solving tools (e.g., cause and effect, pareto analysis) on their jobs. The company's general manager reports that there have been measurable improvements in the company's profits, productivity, and inventory management since it began working with RPP. He also reports that Clipper is a better and more fun place to work than before the RPP efforts.

History

In 1983, a year when western Michigan's unemployment rate was as high as 10.5 percent, the Grand Rapids Chamber of Commerce eliminated the economic development programs that it had been running. These efforts had not been cohesive nor countywide, and had had limited impact.

In the latter part of 1983 and the early part of 1984, 15 local stakeholders, including business and government leaders, were brought together by the chamber to discuss new economic development initiatives. Up to that point, these key stakeholders had not been actively involved in such activities. When the committee was asked, "What do you like about Grand Rapids?" their answer was "It is the right place to do business." Thus, "The Right Place Committee" was created.

Once the committee agreed that it wanted an economic development program, the second question was how to fund it. The business leaders first pledged their own money to support the program, and then asked for government funding. (Fund raising is based on five-year pledges. The first pledge cycle was based on 75 percent private funding; RPP's third cycle was predicated on 85 percent private funding.) In a real sense, the "authority" for RPP came from the 15 key players on the board and the money they gave.

As a newly formed economic development program, the RPP first concentrated on providing traditional economic development services, such as recruiting new businesses to the area, improving infrastructure, and providing incentives to businesses to remain in the Grand Rapids area. This initial focus on traditional economic development activities enabled RPP to meet immediate needs and establish a track record – or as described by the staff, to "get some pelts on the wall."

Grand Rapids

The staff at the RPP stress that you have to understand the community you function in to be successful. RPP staff believe they have been successful in Grand Rapids because of a number of factors. First, Grand Rapids is a politically conservative community that looks first to the private sector for solutions rather than to the government. Initiatives of all types tend to be driven by the private sector and a strong and tightly-knit social network.

Second, this network of community leaders does not meddle once an initiative is underway. Network members know when to offer direction and vision, but also when to let competent staff perform their jobs.

Third, the base of economic ownership in Grand Rapids is ideal for a program such as the Right Place. Grand Rapids has 60 percent privately and locally owned companies, a situation which provides ready access to the decision makers within the local economy.

As the economy has rebounded, a concern over competition for scarce skilled labor has caused some local companies to resist attracting new companies to the area. As a result, RPP began to move beyond "bricks and mortar" economic development (e.g., tax abatement, land and utility subsidies) to such issues as workforce training, work restructuring, and high performance development.

RPP staff began their new work focus by going door-to-door, asking company leaders about their needs and concerns in the areas of workforce training, work restructuring, and high performance development. RPP staff's facilitation skills were a critical and key reason for the program's success.

RPP has adopted a strategy of identifying and working with "early adopters" – those companies and CEOs willing to take a risk, ask for help, and then openly share their efforts and results. These early adopters lead the way. Their leadership and involvement get other companies involved in similar efforts with RPP. Success, however, requires that RPP strike a delicate balance between facilitation and direction. It cannot force or control programs – programs have to emerge from the network's membership.

In the future, the Right Place Program hopes to work on aligning all community services. As part of a precursor to its involvement in this level of economic development, the RPP signed a contract in late 1995 with the City of Grand Rapids to establish a private sector institute for urban development. The city came to the RPP for private sector planning and leadership after various public sector programs didn't work.

Structure

RPP is governed by a Board of Directors, made up of 29 members – the only non-business members being representatives of the County of Kent, a mayor of one of Grand Rapids adjoining cities, and RPP's president. The Board meets quarterly, and nominates and elects its own members. While RPP is currently a committee of the Grand Rapids Chamber of Commerce, it is trying to become an independent, incorporated agency.

RPP has twelve staff members, including the president/CEO, a senior vice president, a controller, three outreach personnel (one for small and mid-sized firms, one for local issues, and one for Japanese companies), four support staff, and two newly hired staff who are working on technology.

Keys to Success

RPP's experiences provide important insights to others who wish to benefit from their success.

- **Know your environment.** RPP works in large part because of its locale. RPP staff strongly suggest that if Grand Rapids were any bigger or any smaller, the RPP approach would not work. If Grand Rapids were any larger, there would be multiple community colleges, economic development agencies, and job training programs. The resulting overlap, competition, and turfism would hinder RPP's ability to reach its current level of success. On the other hand, if Grand Rapids were any smaller, there would not be sufficient resources in the community to achieve the same successes. The size of Grand Rapids allows RPP to work with the providers and resources in the region, and not have to compete while developing its core services.
- **Be business driven.** RPP differentiates itself from other providers by its connection to the business community. RPP is able to convene business leaders because it is first and foremost a business-originated, and business-led service entity. Having this strong tie to the business community means that RPP is ultimately responsible to local businesses. Having established linkages to business gives RPP the power to create mutually beneficial partnerships with the technical experts busi-

nesses need. RPP cannot force service providers to do anything, but RPP has what these providers want: access to business.

- **Hire good facilitators.** RPP staff are not content experts, they are facilitators. Facilitation skills are critical to creating and sustaining business networks, working with a cadre of service providers, and linking providers to business clients.
- **Deliver on promises.** RPP has been very careful to keep its ambitions in check and deliver on its promises. Its initial emphasis on traditional economic development activities built its initial reputation for delivering on its goals and visions. RPP staff agree that building a strong level of trust is absolutely essential to success, and delivering on promises is a critical element in establishing trust.
- **Make a long-term commitment.** RPP has a vision of what economic development should be, but recognizes that realizing that vision requires a long-term commitment. Each of its programs started small, with the goal of addressing a defined business need. Some programs have encountered unanticipated obstacles, and have been redesigned "in flight" to better achieve their goals. Each program has grown over time to encompass more companies and a broader range of services. The basic lesson: "keep plugging away."

Issues to Consider

As RPP continues to develop, it faces a number of significant challenges. Being able to overcome these challenges will be key to its continued success.

- **Defining economic development.** RPP is an economic development organization. From "bricks and mortar" economic development activities, it has developed an array of learning services and products to enhance firm competitiveness. One of RPP's current challenges is to coordinate and align the design and delivery of these services into a comprehensive, integrated service package for its member companies. Ultimately, however, economic development is a community activity. RPP's future challenge will be assessing its contribution to the quality of life in the community and, where appropriate, developing strategies to bolster services.
- **Achieving balance.** There are three dimensions, each a potential source of dynamic tension, on which RPP must achieve balance:
  - **Large versus small companies.** Large companies contribute the bulk of RPP's financial resources, while small companies make up the vast majority of the companies receiving services. (Of the 1,900 manufacturing firms representing RPP's most immediate and potential customers, 1,000 have fewer than 100 employees and 850 have fewer than 50 employees.)
  - **Manufacturing versus service companies.** To date, RPP has only provided services to manufacturing firms. But RPP receives the majority of its money from service companies which benefit from a strengthened manufacturing sector, e.g., banks, insurance companies, and accounting firms. However, no programs are targeted at service sector firms. Recently, some service sector companies have begun inquiring about

Not including all businesses under its service umbrella is one of RPP's fundamental regrets. If it had, the resulting structure would have included representatives from all businesses on a general council, with two major sub-councils: manufacturing and service. In this way, policy and programs on broad issues that affect all employers, such as education reform and school-to-work efforts, would come from all companies in the region, providing more voice and influence. At the same time, issues that relate specifically to either sector would be considered within the sub-councils.

using the services offered by the RPP.

- **Board of Directors versus the companies served.** RPP's customers include the board members (the investors), as well as the program's users. Currently, there is no way to measure, coordinate, and align these different stakeholders' impressions of what constitutes success.

- **Assessing benefits.** As the competition for funding increases, potential funders are requiring RPP to provide evidence of benefits from its services. RPP needs a better indicator system to provide this information. Each type of economic development activity requires a different set of metrics. For example, the number of jobs added is a useful metric in terms of company attraction, while productivity improvements from training is a useful metric for enhanced firm competitiveness. (As noted earlier, one of RPP's future challenges will be to develop metrics to measure the quality of life in the community.) An ideal assessment system would provide evidence of both the direct and indirect benefits of RPP's services.
- **Achieving continuous improvement.** RPP has many requests and demands made on its resources; it needs a better understanding of its own products in order to maximize its effectiveness. Like many providers, RPP frequently defends what it does, rather than focusing on improvement strategies. RPP teaches its user groups to measure successful continuous improvement through incremental improvements in data. Yet RPP does not do this quality check on its own services. The weakest link in RPP's chain is feedback on how to improve RPP, and in turn, the RPP's providers. RPP needs to practice what it preaches.
- **Confronting competition.** As RPP's success has grown, it has found itself in increasing competition with larger, more established business consulting firms to provide services in the Grand Rapids region. RPP's ability to employ multi-disciplinary teams providing comprehensive, integrated services has helped differentiate it from this competition. RPP's challenge is to continue working with its providers to develop and use a model that emphasizes this multi-disciplinary approach.

UPDATE

The Right Place Program continues its record of achievement in offering a broad range of economic development services:

- **Attracting and retaining firms.** RPP remains engaged in firm attraction and retention. The director has conducted international tours to Japan, Germany, and England to meet with firms that want to expand to North America. RPP was also instrumental in retaining a firm in Grand Rapids that was planning a move to South Carolina (and the firm invested $40 million in new facilities).
- **Supporting existing firms.** Industry councils and continuous improvement user groups remain the heart of RPP's services to existing firms. Since our initial case study, RPP has
  - Re-energized the Office Furniture Industry Council through the development of a new strategic plan.
  - Created an Urban Development Council to provide direction to its work with the city of Grand Rapids. RPP is managing firm expansion and attraction, and brown-field redevelopment within a state-created renaissance zone. Projects to date include 1) reusing a building empty for five years, with 140 people now employed at the site; 2) moving a company from suburb to the renaissance zone, with the suburban site used for another firm's expansion; and 3) securing $5 million investment to redevelop a brown field site.

- Agreed to a partnership with the chamber of commerce to create a service sector council.
- Secured a $1 million grant from the state to support CIUGs around ISO 9000 and QS 9000.
- Assisted Philadelphia in setting up a manufacturers' council.

RPP continues to receive funding through the NIST MEP for services to small and mid-sized manufacturers. The Research and Technology Institute merged with RPP. This gave RPP the task of working with five universities to develop new technologies for small and mid-sized enterprises (SME) and to support technology deployment projects within SME. The Performance Place is still going strong.

The major challenge confronting RPP is to maintain the quality of its services in the face of increasing demands.

Contact

Birgit M. Klohs
President
The Right Place Program
The Waters Building
111 Pearl Street NW
Grand Rapids, MI 49503-2831
Phone: 616/771-0324
Fax: 616/771-0329

Baltimore Center for Port-Related Industries

Key Features

- Industry focus
- Interactive alliance
- Layered services

Services Provided

- Port-wide total quality
- Technical training
- Workplace skills development

The Port of Baltimore is not just a single company or organization. It is a complex mix of private sector businesses, labor unions, and government agencies with one thing in common – they all depend on the Port of Baltimore for their livelihoods. The Baltimore Center for Port Related Industries is an "interactive alliance" of private and public sector leaders who share an interest in making Baltimore's port a high performance work system. Since its introduction in January of 1992, the center has become the port community's emerging system for port-wide total quality, workforce training, and referral for business resources.

The port's reputation, and its ultimate success, depends on everyone doing their part and doing their jobs right. Total quality is the strategy for making this happen, combining investments in new technology with skills upgrading and the restructuring of work around a customer focus. The center administers services in three areas: port-wide total quality, technical training, and workplace skills (basic skills) development.

Initial funding for the center came from four sources: 1) Maryland Port Authority (MPA), $30,000; 2) Department of Economic and Employment Development (DEED), $30,000; 3) donations from private sector companies in the port, $16,000; and 4) Carriers Container Council (CCC) money, $14,000. Partner organizations also provide in-kind services, e.g., the port pays for printing center newsletters, MPA provides classroom space for some programs.

The center's mission is to make the Port of Baltimore, through port-wide cooperation, "the leader in international and domestic trade by providing customer satisfaction, quality service, and continuous improvement." The center's training investments are making the vision of a labor force that is well trained, efficient, and customer service oriented a reality. Because of center activities, the port community environment has changed dramatically, with cooperative relationships having developed where conflict once ruled.

Program Description

The center administers services in three areas: port-wide total quality, technical training, and workplace skills development.

- **Port-wide total quality.** There are three components to the port-wide total quality program: classroom courses, company consulting/training, and a committee handling port-wide quality issues. The quality program is directed by a port total quality facilitator, who serves as a consultant to the port, is available for on-site work with companies, and teaches port-wide quality courses.

  Annual membership to the port-wide initiative is $250 per organization. This enti-

tles the participating company to 1) enroll employees in the total quality training classes, and 2) receive a three-hour, on-site company assessment. Company-specific training and consulting beyond this initial assessment are available at a cost of $750 per day.

- **Classroom courses.** The total quality classes train participants to apply the skills of total quality for continuous improvement, customer satisfaction, and competitive advantage. Three courses are offered: how to begin total quality; quality team training; and facilitator training/train-the-trainer. Each class is one day long. Any company in the port-wide initiative may enroll employees in these classes. There is an additional charge, above and beyond the annual fee, for each class.
- **Company consulting/training.** Center staff believe that on-site consulting and training may be most appealing to small and mid-sized companies. A representative from a small company that took advantage of this option said that his company could not afford to have its employees take time off the job to attend courses. The on-site training option enabled this company to provide customized total quality training to 12 to 14 workers before work hours. (The use of on-site total quality training has become a part of the company's marketing campaign. When talking to potential clients, the company leaders cite the employees' training in quality as a reason for doing business with the company.)

  The on-site training option allows companies to tailor the program to fit their needs – they can take "a tablespoon of this, a teaspoon of that." In this manner, companies are able to get the parts of training that are valuable to them. For example, the employees in the small company that used the on-site training option to deliver classes before work hours felt they were already doing a quality job, so the training focused on "how to improve the job." The employees started by dealing with forklift safety, a topic that management had not realized was a concern to the employees. (A manager from this company said that one result of the on-site training is that management learned to listen to workers.)
- **Port-wide quality issues.** There is a port-wide total quality action team set up to deal with issues affecting port-wide quality. The team includes representatives from all the key stakeholders in the port community. Team activities are facilitated by the port total quality facilitator. The action team created a vision and

Key Players

- **International Longshoremen's Association** (ILA) negotiates a master contract with the Carriers Container Council covering all east coast ports. A local contract for the Port of Baltimore is negotiated with the Steamship Trades Association. There are three ILA locals — 953 (clerks/checkers), 1429 (container maintenance repair), and 333 (longshoremen).
- **Carriers Container Council** (CCC) is the labor relations arm of management for east coast steamship companies. It negotiates a master contract with the ILA covering all east coast ports, and handles issues that arise related to this master contract.
- **Steamship Trades Association** (STA) consists of 37 private sector companies in the steamship business that employ ILA labor. The STA is the labor relations arm of management for the Port of Baltimore. It negotiates a local contract with the ILA for the Port of Baltimore, and handles issues involving both the east coast master contract and the local contract.
- **Private Sector Port Committee** (PSPC) represents an additional 75 to 80 private sector companies related to the port community that do work unrelated to steamship lines (e.g., trucking companies).

mission statement for the port-wide total quality effort. Once the vision and mission statements were completed, the action team identified a set of port-wide quality issues that could be used to frame three to four measurable goals for the port-wide total quality effort.

Identifying issues that are compelling enough to get competing companies to work together can be difficult. At the time of this study, vehicle handling had emerged as the first issue for a common effort at resolution. The action team's agreement to focus on auto handling emerged in response to concerns raised by Chrysler, which wanted to know what the port was doing to ensure quality service. Chrysler asked the port to set measurable goals for auto handling (e.g., on time and error free). The action team had a four-person sub-committee (Maryland Port Authority, ILA, management, and the facilitator) go to Chrysler to see what the company was doing in this area. Using the Chrysler system as a benchmark, the team set one measurable goal and hopes to develop two to three other measurable goals. The team also hopes to identify more port-wide quality issues that can be used to frame additional measurable goals.

- **Technical training.** Two separate technical training programs are provided: one for ILA local 953 (clerks/checkers) and one for ILA local 1429 (container maintenance repair). Each program has its own coordinator. The programs are financed through the Carriers Container Council training fund and officially offered through the Continuing Education Division of Dundalk Community College. The Continuing Education Division of the college is responsible for course administration and support, but center staff exercise a significant degree of autonomy over curriculum design, selection of instructors, and the presentation and adaptation of training. Individual instructors are responsible for completing the administrative paperwork related to their courses. All of the courses are non-credit and participants are paid for the time spent in class.
  - **Training program: local 953 (clerks/checkers).** The initial training class offered to ILA 953 was "An Introduction to Maritime Industry – Maryland, A Quality Port." This four week course introduced the concept of the port as a single industry, and highlighted the interdependencies among key players in the port community. Instructors brought top people representing the key stakeholders (e.g., Steamships Trade Association, Maryland Port Authority, ILA) in to make guest presentations, reinforcing the concept of a port community and demonstrating respect for the ILA members. The message in this initial course was so powerful that center staff elected to eliminate the "Introduction to Maritime Industry" as a separate class and to adopt team teaching in order to integrate the quality elements of the maritime course into the planned technical classes and make quality an integral part of employee work practices.

    There are currently two technical training courses offered to local 953 members: cargo management and computer applications. This sequence of courses encompasses 120 hours of training, and are taught with about 25 people in each class.

    Cargo management. This introductory course is designed to give participants a common understanding of cargo handling and a common vocabulary for communicating about cargo management. It covers the entire process associated with handling everyday incoming and outgoing cargo, providing participants with an understanding of each

role in the cargo management process. It also includes sections on union rules, hazardous materials (all participants receive certification in handling "haz mats"), and customs. In creating this course, developers purposely tried to cover the full array of the clerk's job – they wanted participants to develop pride in what they do. Another "trick" used by the course developers was to ground the training in existing ILA training manuals.

Computer applications. Members of ILA local 953 worked with the Maryland Port Authority to develop the computer programs that are the heart of the Seagirt operation. The computer applications course allows students to go into more detail on specific cargo management processes. The computer classes are "on-line," i.e., an electronic interface directly connects the classrooms at Point Breeze to the computers at Seagirt. This interface allows instructors to use real-life data and examples in the classes, ensuring the relevance and applicability of the training. (The initial computer classes did not have this interface, and did not work as well. The ILA negotiated with the Maryland Port Authority for

The Flow of Work in Seagirt Marine Terminal

Seagirt Marine Terminal is a state-of-the-art intermodal container transfer facility. Familiarity with the flow of work in Seagirt provides an understanding of the different jurisdictions of the three ILA locals and the impact of high performance work practices on port activity.

Loaded trucks come to Seagirt so that their cargo containers can be loaded onto ships. Empty trucks come to Seagirt to pick up cargo containers that have been unloaded from ships. The truck plaza is the center of Seagirt's information system, a database that tracks the status of every container — where it is, if it's cleared customs, when it will be ready for pick-up or delivery.

The system for processing trucks is similar for inbound freight (i.e., truckers unloading cargo) and outbound freight (i.e., truckers picking up cargo):

1. The first thing a trucker sees upon entering Seagirt is an electronic sign-bridge that stretches across 13 of the terminal's 14 inbound lanes, blinking independently programmable messages that tell the trucker which lane to use.
2. Once in the proper lane, each truck is automatically weighed. At the scale, each driver talks through an intercom to a clerk (local 953) in the gatehouse. The clerk enters into the computer the identifying number of the container and chassis. If there is a problem, the trucker is referred to a customer service area to expedite service.
3. The truck then moves forward under the canopy beneath the gatehouse, where the driver is handed a computer generated trailer interchange report (TIR). The TIR is based on the data provided by the driver to the clerk through the intercom. A terminal mechanic (local 1429) inspects the container and chassis for damage. If they pass inspection, their yard status is verified and they are released into the terminal.
4. The terminal mechanic completes a validation ticket for the cargo released into the terminal, and sends it through pneumatic tubes to the clerk's office. The validation ticket includes a tear off sheet for the shipping company. One group of clerks is set up to deal with individual shipping lines, processing all of the necessary paperwork for import and export.

The turnaround time for a truck entering the Seagirt terminal is approximately twenty minutes. The terminal processes approximately 1,000 trucks a day. Seagirt is open five days a week, from 7 am to 6 pm. The clerks use a swing shift at meal times so that the terminal truck lanes never close. Local 953 is negotiating with the Maryland Port Authority to expand terminal hours to midnight using a skeleton crew. The vision is to move to a 24 hour operation to provide maximum customer service.

The longshoremen (local 333) are responsible for loading containers onto and off of the ships. This task is facilitated by seven state-of-the-art dual hoist cranes (capable of handling up to 55 containers an hour) and four single-hoist high-speed cranes. The dual-hoist cranes, designed with the help of the ILA, employ the latest in computer automation to expand their productive capacity.

the money to create the interface. The center hired someone from the Port Authority to help rewrite the computer course. This person now serves as the instructor for the course.)

- **Training program: local 1429 (container maintenance repair).** There are currently three courses offered to the members of local 1429: total quality, Trailer Interchange Report (TIR) inspections, and welding and container repair.

  Total quality. Total quality is the introductory course for all local 1429 participants. The course, which takes 120 hours (6 hours per week for 20 weeks), is an introduction to total quality, with an emphasis on how quality relates to container maintenance repair.

  Trailer Interchange Report (TIR) inspections. The primary purpose of this class is to ensure that workers consistently fill out and work with trailer interchange report (TIR) forms. A TIR transfers liability for a trailer from a shipper to the port (and vice versa). Poor quality work in this area can result in the shipper or port wrongly being held liable for damages to the trailer and/or its cargo. The total quality instructor sits in on the TIR class to identify and illustrate examples of total quality principles.

  Welding and container repair. The welding and container repair class upgrades the technical welding and repair skills of local 1429 members.

- **Workplace skills development.** The center has been successful in obtaining additional funds to support specific programs, including a $390,000 grant from the Department of Education to fund the Baltimore Workplace Skills Development Program. The typical training program at the port is geared toward either ILA or management. In contrast, the workplace skills development program attempts to reach those people who are usually overlooked (e.g., receptionists, company office clerks). To date, approximately 46 companies have sent employees, with 16 of the companies asking for on-site training. Between 350 and 375 individuals have been served in all on-site training classes. A coordinator oversees the delivery of the two major pieces of the grant: customized, on-site workplace skills training, and a walk-in skills center.

  - **On-site training.** The on-site training component of the workplace skills development program is designed to provide industry- and company-specific skill development to participating workers. Program faculty are hired on an as-needed basis and are a mix of in-house and adjunct appointments. While the courses may be offered on site at a company, the most popular classes are offered at several locations throughout the port community (e.g., World Trade Center, Point Breeze Maritime Academy). The Maryland Port Authority has been an excellent partner in this effort, providing free space for classes and mementos for participants.

    The program staff's first efforts to identify potential courses involved asking members of the Private Sector Port Committee what courses they wanted. The committee members did not know. The program staff then developed a menu of courses they thought companies might want. The menu, which included maritime math, business writing, and effective communication, elicited some interest. Then individual companies started asking for specific courses: there were requests for bilingual courses in Spanish and Japanese (offered under the label of "effective communications"), as well as requests for geography (i.e., where are the ports?). When companies ask for specific skills (e.g., training on customer service,

phone skills), program staff conduct a workplace analysis to determine needs, and use this analysis to develop a job-context curriculum.

- **Drop-in center.** The drop-in center has two staff to serve ILA members. It is the most expensive, and fully-staffed piece of the grant. But, at the time of our study, it did not work. The drop-in center had served 25 people in one year, while the grant called for serving 450 people in 18 months. Program staff identified several reasons for the lack of success:
  - The drop-in center cannot offer GED preparation, which would draw participants. The Department of Education says that enough GED programs already exist.
  - The ILA/CCC technical training runs two nights a week, and people are not willing to come an additional night for basic skills training.
  - People are not paid for the time spent in workplace skills training.
- **Other services.** In addition to the three major program efforts, the center has sponsored or supported a variety of other training efforts for members of the port community. For example, center staff convinced a law firm to present (pro bono) a customized training course on legal issues for the maritime industry. The center also offered computer training and courses on hazardous materials to all members of the port community (not just the ILA); training in operating cranes and on container refrigeration through the Maritime Institute of Technology and Graduate Studies; and a program for members of local 333 on the "dos" and "don'ts" of auto handling. The center also facilitates and supports a series of World Trade Center Institutes, presented at the World Trade Center, that bring in speakers on a variety of port-related issues.

Results

A number of indicators highlight the success of the center. These include:

- There has been no work stoppage in the port in more than three years. The decline in the amount of work at the port has stopped; in fact, the port is bringing in new work – both tonnage through the port and employment in port-related industries are up.
- The effort to make quality an integral part of work practices – using total quality methods to examine work processes and identify ways to improve customer service – has produced dividends:
  - A customer service center was created. Rather than having truckers with documentation problems hold others up, they are moved into this new area where clerks handle the problem and help get the necessary information.
  - Bi-lingual forms were created. Many of the truckers driving into the terminals speak no English, while the majority of the 953 clerks speak no Spanish. Having questions in both English and Spanish has reduced the time required to deal with Spanish-speaking truckers to ten minutes.
- People are excited about their jobs. Workers feel good about getting through classes and being successful. Not surprisingly, participant evaluations of the training programs are all good. Further, the training investment has created a positive attitude among employees toward management.
- Communication has improved. Cooperative relationships have developed where conflict once ruled. When issues are raised at meetings, problems get solved. The inclusion of articles on workers in the port newsletter is seen as a sign of respect for the workers.
- Within the U.S. maritime community, the Port of Baltimore's image and reputation have changed dramatically in a short period. The port's quality effort is distinguished by

the fact that it is not for just one company. Members of the port community share an enthusiasm and common sense of vision around the need to be customer focused. Word is out that port businesses work cooperatively. The selection of Richie Hughes, president of International Longshoremen's Association local 953, to head the Private Sector Port Committee demonstrates the change in attitude.

- The Port of Baltimore and its quality project are widely recognized throughout Europe. Representatives from the port community were deluged with questions during a recent trade visit to Europe, and the port receives a constant stream of visitors from Europe wishing to learn more about the port project.

History

From 1989 to 1991, the Maryland Port Authority, ILA, and Steamship Trades Association were in a perpetual state of conflict – each side would win battles, but the port was losing the war. Business and jobs were going to other ports on the east coast that did not have the conflicts evident in the Port of Baltimore. All of the parties realized that when cargo is misdelivered, damaged, or late, no one organization gets the blame, but rather the whole port does. As business suffered and layoffs increased, both the ILA and STA began to recognize that they had to work together to save the port. The tentative spirit of cooperation was reflected in the negotiation of a three-year ten-month contract between the ILA and STA in 1991.

The center built on that spirit by providing a forum for people to keep talking together on how to enhance the competitiveness of the Port of Baltimore. In the first stage of its development, staff from Dundalk Community College parlayed a single request from one ILA local for computer training into a program for upgrading the job skills of members of the three ILA locals. The involvement of the key players in the development of the training program paved the way for the second stage of the center's development: an emphasis on total quality. In this stage, a single breakfast presentation on total quality was nurtured into a port-wide quality program and the formal chartering of the Center for Port-Related Industries.

- **Stage 1: ILA training program.** The movement to create the center began in 1991 with a request to Dundalk Community College from the ILA to develop and conduct one class in computer training for members of local 953 (clerks/checkers). At that point in time, Baltimore was five or more years behind other ports in automation. Rather than respond to the request for one course, DCC staff suggested that the ILA and DCC look at the jobs of all three ILA locals' members to identify the full range of skills and competencies needed to perform as a clerk/checker, container maintenance repair person, and longshoreman.

  Using a DACUM process enabled both labor and management to be involved in the development of the training curriculum. The DACUM process was conducted with three ILA locals – 953 (clerks/checkers), 1429 (container maintenance repair), and 333 (longshoreman). An effort was made to capture the expected changes in port jobs, i.e., to describe what the jobs would look like and require two years down the road. The DACUM process, as well as observations of best practices in other ports, resulted in a curriculum outline for training and skill upgrading for each of the three ILA locals. (One consequence of developing a curriculum based on input from key stakeholders is that participants can apply 80 to 90 percent of the teaching directly to their job.) Both 953 and 1429 went forward to develop and participate in training, while local 333 elected to drop out.

  The DACUM process provided content for the training curriculum, but participation in the process may have been even

DACUM Process

This approach brings together a team of expert workers and management, with a DACUM facilitator, to describe the skill competencies required in the job under study. The outcome of the process is a DACUM chart that outlines the duties and tasks in a job and the relationship between these duties and tasks. A listing of knowledge and skills, traits and attitudes, and tools and equipment required for successful performance in the job also emerge from this discussion. It takes one to two days of discussion to complete a DACUM chart for a typical job.

more important. Although labor and management realized they had to work together, there was very little trust. The DACUM process provided a forum in which labor and management were able to work and discuss the employees' jobs together. This shared discussion generated trust and enthusiasm, as well as descriptions of jobs with which all of the participants could agree. This set the tone for the positive labor-management relationship characterizing center activities.

- **Stage 2: port quality program.** The DACUM process facilitated the port's movement to quality by enabling participants to see 1) linkages between themselves and other parties, and 2) the value of a systems approach to improvement. In essence, the DACUM process provided a bridge between training and total quality. To introduce total quality to the port community, DCC staff brought in representatives from Baltimore Speciality Steel (BSS), which had previously been recognized as an award winner at a breakfast of champions sponsored by the Baltimore Labor-Management Association.

  The director of the BSS total quality program (who was subsequently hired by Dundalk Community College as a consultant to the port project) conducted two workshops for the port community. The first workshop was with what would become the center's leadership board. In two one-day sessions, the participants used the Baldrige Award quality elements to examine the port community. As the participants began to open up and share ideas on what they thought quality was, they began to see quality as a much bigger process, and to sit back and try to see what they could do in the port. The second workshop was a four-hour session conducted for the full Private Sector Port Committee (approximately 120 participants). In this workshop, break-out groups identified critical issues facing the Port of Baltimore. Issues emerging from this session included management of quality, quality leadership indicators in planning, quality education and training, design and introduction of quality products and services, and customer satisfaction determination.

  Two other critical activities were undertaken in follow-up to these sessions. First, a fax poll of port companies was conducted to identify the companies' training needs. The poll identified cost-effective total quality courses for management of small and mid-sized port businesses as a training need. Second, the local representative of the Carriers Container Council, the head of the Steamship Trades Association, and the senior staff person from Dundalk Community College conducted one-on-one visits with key leaders in the port community to discuss total quality. Selling points to the port leaders centered around training, work on quality, and the fact that all of the stakeholders in the port community would be working together to enhance the competitiveness of the Port of Baltimore. The key results from these combined activities were 1) the endorsement to go forward with the creation of the center, and 2) the support for a port-wide quality effort, i.e., the port would act as a unit.

  The report from the two facilitated sessions was used to develop a proposal

for a grant to fund the port project. The proposal used the issues identified by the Private Sector Port Committee as the basis of a five-year plan for the Center for Port Related Industries. The center received funding from four sources: 1) Maryland Port Authority, $30,000; 2) Department of Economic and Employment Development, $30,000; 3) donations from private sector companies in the port, $16,000; and 4) Carriers Container Council money, $14,000.

Structure

One characteristic of the center as an interactive alliance is a *flexible* formal structure and the extensive use of informal networks. The formal structure provides forums for center participants to discuss specific issues, and avenues for handling administrative and legal processes. The informal networks are used to surface issues, to identify opportunities, and to negotiate agreements between center participants.

The formal structure includes:

- **Leadership board.** The leadership board is responsible for setting strategic direction and establishing center policy. This leadership group includes representatives of all the major port entities.
- **Director.** The director is responsible for administering the port quality effort, preparing center newsletters and taking advantage of other opportunities to increase the center's visibility, and raising money to support programs.
- **Training coordinators.** Two training coordinators oversee the CCC/ILA training program. One coordinator is responsible for ILA local 1429 training, the other for ILA local 953 training. These coordinators also oversee the total quality programs delivered to their respective locals.
- **Workplace literacy coordinator.** This coordinator oversees the Baltimore Workplace Skills Development Program.
- **Port-wide total quality facilitator.** The facilitator oversees the three elements of the port-wide quality program: classroom training, port-wide quality initiatives, and consulting with individual companies.

Keys to Success

Those wanting to replicate the center's success should follow these key guideposts:

- **Make quality a team effort.** The center is a team effort. All of the major stakeholders feel vested in the program. The ILA leadership now sees itself as part of the port, and union members are coming to classes to improve themselves and the port. (There are still local conflicts – for example, the union locals will not intermix in a classroom.) The Maryland Port Authority, "the landlord," was missing from previous efforts to establish port-wide projects, but is a key player in the center. The team concept has been communicated to everyone: from the lowest worker to the top of the organization, everyone must be part of the team. This has helped to generate communication, trust, and a willingness to work together to solve problems.

  In some cases, the creation of a team spirit required special tactics. For example, the clerks in local 953 sponsored a "social hour" in which truck dispatchers were invited to meet with clerks face-to-face, so that people would know who they were talking to when they performed their daily routines. As a result, a relationship between the dispatchers and clerks was established, and the truckers became a part of the team. Hiring instructors from stakeholder groups enabled the center to use the training programs to break down barriers between groups, which also contributed to the development of a team spirit.
- **Establish strong leadership.** Strong leadership was critical to the center's successful creation and development. Leadership was

exercised by people who could communicate a vision for the port and pull all of the necessary pieces together to make that vision a reality. People also demonstrated a heavy dose of *courage* – the willingness to take risks, to behave, think, and act differently. People exercised good management practices and led by example. Just as important, key leaders emerged from each of the stakeholder groups.

- **Be flexible.** The center's evolution was a surprise for the people involved. The center director said that, "people would ask me what is next, and I would say, 'I don't know.' It was the first time for me too." The ability to look for opportunities (e.g., the literacy grant, the Carriers Container Council training fund), modify programs on-the-fly (e.g., integrating quality and technical training in the local 953 training), and customize programs to fit the needs of individual companies (e.g., port-wide quality consulting) typify the flexibility critical to the center's success.

  Not all people are comfortable with the uncertainty inherent in a flexible organization. For a project like the center, the traits considered in recruiting and selecting staff go far beyond technical competencies. Success depends on personalities and an elusive "chemistry," both among the staff and between the staff and the center clients.
- **Make a commitment.** It is one thing to bring people together and call them a team; it is quite another to have each person commit himself or herself to the endeavor. Everyone involved in the port project was unanimous about the importance of *honest* commitment: if you do not have it, the program will not work.

  Center staff are particularly proud of both labor's and management's commitment to the port project. This commitment is grounded in the ILA's realization that it has to be efficient to retain jobs, and management's recognition that it has to be competitive to survive. The shared commitment of labor and management has made a big difference in handling labor-management disagreements. People still scream and shout, but they stay in the room and analyze the issues.

  Commitment is reinforced in individual programs. Many ILA members were initially reluctant to participate in training. Richie Hughes, president of ILA local 953, emphasized to his members that training provided a chance to compete and the best way to protect their jobs. Members now realize that, from a union perspective, training is a base of power. Local 953 members now have expertise on computers – in fact, they do all the computer work – which greatly enhances their job security (although they also recognize that the number of jobs will decrease).
- **Build relationships.** A critical lesson emerging from the training program for the ILA locals is that training is the second step. The first step to a successful program is establishing a relationship between the instructors and the ILA members; instructors must learn about the work the union members do in order to gain the members' trust. People working in the port told curriculum developers what they do, how they do it, and why they do it that way. This knowledge allowed the instructors to develop job specific materials and an applied curriculum to facilitate the implementation of new work processes and the adoption of new technologies, with the support and commitment of the workers.
- **Recognize the importance of process.** Center staff believe it is the quality process, not a program, that is the key to the port's success. The quality process in the port started with the leadership group. That group helped communicate the vision of the Port of Baltimore as a world-class port that wants to attract customers. After that, participants in the quality process moved on

to address issues affecting several groups within the port, e.g., auto handling. It is the quality process that generates commitment from diverse groups to act on a common agenda.

Issues to Consider

Although the center has been extremely successful overall, there are many issues that it still needs to address:

- **Obtaining full management buy-in to total quality.** Despite the fact that total quality is the lynch pin of the center program, the center has not obtained buy-in on the total quality program from all of management. Although most top managers were exposed to two days of training on total quality at the center's inception, the upper management of many port companies do not understand total quality. The port-wide quality courses were supposed to be the mechanism for managers to learn about total quality, but the courses are not attended by everyone who needs to be a part of the quality process.

  The center has not been able to get a significant number of managers to participate in the total quality efforts, particularly within individual companies. It appears that top managers bought into their role in the leadership group and the vision of all port stakeholders contributing to and benefiting from the center, but they did not really buy into training (except for union/labor). At this point, the unions are asking when management is going to get total quality training. The center needs to have managers attend management training or joint labor-management training. The proposed formation of labor-management problem-solving teams at the work site could provide a vehicle for exposing management to the benefits of total quality.
- **Sustaining the leadership group.** The leadership board, which formally oversees the Center for Port Related Industries, was instrumental in the formation of the center. However, the center has not been able to keep the leadership board fully involved in center activities; the board has not met as a group since the center began to implement its strategic plan. Some stakeholders (e.g., truckers) have never participated. While it is difficult to get all the people together at the same time, the center needs to find a mechanism for sustaining the involvement of the leadership group in a meaningful way.
- **Institutionalizing the initiative.** One final issue facing the center is determining whether it should be institutionalized – integrated into Dundalk Community College. While the college is a central partner in the center, there have been several problems marring the relationship. Some specific issues that would have to be addressed if integration is to occur include whether the college 1) can embark on the type of "interactive alliance" advocated by the center, 2) is able to more fully take advantage of the center's activities, by developing degree programs based on the port curriculum, and 3) will be able to mesh its hierarchical structure with the center's process-based approach.

UPDATE

The Baltimore Center for Port-Related Industries is now called Port-Wide Total Quality. The new name is one of several significant changes that have taken place since our initial case study:

- **Severed links to the community college.** All of the ILA training is now being done through the Maritime Institute, the ILA education and training center. The courses were transferred to the institute; the faculty who had taught the courses through the community college are now on contract to the institute. The director of the port project left the college, as did several other project staff who were on the college faculty.

- **Terminated programs when funding ended.** Two of the center's programs were terminated when funding ran out – the quality initiatives targeted at individual companies and the workplace literacy program.
- **Created new structure.** The leadership group in the center engaged in a strategic planning process to identify the key issues facing the port. They then formed teams around each issue, i.e., they created a structure for port-wide quality via issues instead of a classroom. The former center director now works for the port steering committee and is responsible for coordinating the issue teams' activities. The monthly meetings of the private sector port committee include a status update on this total quality initiative. This approach has already resulted in a number of successes:
  - An issue team was formed around linkages to federal programs during the strategic planning process. This team reduced the number of forms required for vessel notification from six to one, thereby shortening the time required for vessel notification. The team won one of Vice President Gore's Hammer awards for re-inventing government.
  - All of the port leaders agreed to install a customer service hot line, manned by the port administration. The hot line exists to resolve any customer issue, with no blame.
  - Baltimore's new port director developed a strategic plan for the entire Port of Baltimore. This plan includes a strategy for improving a auto handling which is linked to Port-Wide Total Quality's issue team working with Chrysler and all the unions to improve auto handling in the port. The port administration has given Port-Wide Total Quality $20,000 to implement its plan, while the private sector participants are soliciting contributions from port companies.

Contact

Dr. Michael Galiazzo
Director
Port-Wide Total Quality
28 English Run Turn
Sparks, MD 21152
Phone: 410/771-8111
Fax: 410/771-8138

Garment Industry Development Corporation

Key Features

- Industry focus
- Partnership
- Layered services

Services Provided

- Training
- Restructuring
- Marketing

The Garment Industry Development Corporation (GIDC) was established in 1984 to strengthen New York City's apparel industry. From its initial purpose of helping apparel factories locate affordable real estate, GIDC has grown into a city-wide, multi-service organization serving the sportswear, better dress, coat and suit, knitwear, belt, children's wear, and intimate apparel segments of the garment industry. GIDC works directly with manufacturers, contractors, and the International Ladies' Garment Workers' Union to develop new training programs, marketing and technology transfer initiatives, and appropriate business services.

GIDC's sponsorship comes from three sectors: *union* (the International Ladies' Garment Workers' union), *industry* (the New York Skirt and Sportswear Association and the Greater Blouse, Skirt and Undergarment Association), and *government* (New York City and New York State). Currently, GIDC is operating on a $1.5 million budget. The Council for American Fashion (union and industry) supplies $200,000, New York City supplies $650,000 (including $250,000 of Job Training Partnership Act funding), and the state supplies $650,000.

GIDC's challenge is to address the common problems of a highly fragmented industry with a lot of small, independent shops. GIDC's overriding mission has been to increase production and stabilize employment – outcomes beneficial to its two key client groups: individual workers and apparel production firms (both design firms and factories). In meeting its mission, GIDC has played two key roles: 1) providing a vision of where the garment industry can go, and 2) pulling together the resources to make this vision a reality.

GIDC plans to help the industry change by providing appropriate training and restructuring programs. GIDC believes that a restructured industry with enhanced domestic and foreign marketing will result in increased production and more profitable firms. Furthermore, a movement to high end production, along with retailers' practice of reordering popular garments, will increase workers' wages and lessen the employment instability that has historically plagued the garment industry.

Program Description

The concept of delivering integrated services to a *single company* does not necessarily make sense in the garment industry because the production and marketing processes are divided up among a number of organizations. Instead, GIDC provides comprehensive services *within the industry*. GIDC's three main service lines are designed to meet the client needs GIDC has identified as well as its mission of increasing production and stabilizing employment. GIDC's *training* programs, which are targeted at the union and some contractors, are geared at improving quality, and thus increasing the demand for U.S.-produced goods and the wages of U.S.

The Garmen

Understanding what the Garment Industry Development Center does, its challenges, and its successes requires some knowledge of the garment industry and its place within the New York economy.

Size

- Apparel is the largest manufacturing industry in New York City, producing one-third of all industrial jobs. In fact, apparel is one of the top 20 employers in the region.
- The women's apparel industry in New York City employs 180,000 people: between 100,000 and 110,000 in manufacturing, about 48,000 in wholesaling, and the rest in support and related industries. An additional 70,000 people are employed in fashion retailing.
- Revenue from the New York City apparel industry is estimated at between $10 and $14 billion per year. The industry attracts about 22,000 out-of-town buyers to the city several times a year.
- America's garment industry has been declining for the last few decades. Today, 1,000,000 people are directly employed in the garment industry in the United States, 440,000 fewer than in 1973. While the United States imported 9 percent of its women's apparel purchases in 1967, today it imports 62 percent.
- New York City's apparel industry has faced a similar decline. The city's apparel employment has dropped from more than 200,000 two decades ago to only about 100,000 today. This represents a fall in the number of garment factory workers of about 60 percent between 1970 and 1990.

Structure

- The garment industry involves four key players: retailers, manufacturers (or jobbers), contractors (or factories), and the union. In general, the retailers buy from the manufacturers, the manufacturers design the garments, the contractors make the garments to the manufacturers' specifications, and the union locals supply labor to the contractors. However, it is not always this clear cut.
- The garment making process is rather complex. Once a garment is designed, a prototype is developed out of material. From that prototype, an initial cardboard pattern is made, and then the pattern is reproduced in a variety of sizes. The patterns are used to cut the fabric, and the cut pieces are sorted in preparation for sewing. After the garments are sewn they are pressed and ready for delivery.
- All of the steps between design and sewing — creating the prototype, the initial pattern, and the multi-sized patterns, as well as cutting and sorting the fabric — can be performed by manufacturers, contractors, *or by additional, more specialized shops*. In addition, some retailers bypass manufacturers altogether, and expect the contractors to do *all* of the work, including design.
- Most of the manufacturers and contractors specialize by "price point," the quality (and cost) of the garment. Many of the contractors also specialize in the *type* of garment (e.g., dress, pants, skirt, jacket) they produce. This means that a manufacturer might contract out production for the skirt of a suit to one factory, and the jacket of that same suit to another factory.
- New York City has approximately 4,500 apparel factories and 5,100 showrooms and corporate offices. In general, upscale garments are produced uptown, while lower price point garments are produced downtown, in Chinatown. Wages paid usually correspond to price point and geography — those involved in the production of high price point garments and working uptown make more money than those producing low price point garments downtown.

Industry

- The average shop employs about 40 people. Over 50 percent of the shops in the industry are unionized. All of the occupations involved in the garment making process after design (prototype and pattern making, cutting, sorting, sewing, and pressing) would be unionized.
- The garment industry is very unstable. Only a small percentage of the prototype and pattern makers, cutters, sorters, sewers, and pressers work 50 weeks per year. When contractors have work, they call the unions and get the people they need. When there is no more work, they lay the people off.
- About 90 percent of those employed in the garment industry are new immigrants. Immigrants enter the garment industry at a rate of about 40,000 per year. If garment industry jobs dry up, these immigrants will either become unemployed, enter even lower wage service sector jobs, or turn to the black market economy. Industry experts suspect that there are many illegal garment industry shops, where government wage and hour conditions are not met and the state is unable to enforce the law.

Impact

- The structure of the garment industry makes workplace and workforce upgrading difficult. Most of the factories are too small to make investments in technology pay off. The tenuous relationships between retailers and manufacturers and between manufacturers and contractors impede the development of medium- and long-term plans, investments, and changes.
- Because employees are viewed as "casual labor" — hired and laid off from factories depending on the flow of work — employers have no incentive to invest in training. Employers also can't restructure work: a new batch of employees would have to be trained in the new processes after each cycle of lay offs and hirings.
- The high degree of dependence among retailers, manufacturers, and contractors makes the industry unstable. When a retailer goes under (as was common in the 1980s), its manufacturers go under, and then the contractors go under as well. Because the government considers the garment industry to be a declining, low-wage industry, public sector support is limited.

Future

- United States garment manufacturers face a declining share of a flat or shrinking market. They will never be able to compete on price, so they must compete on quality and service.
- Many retailers today are looking for a shorter lead time between ordering and receipt. They all want to place orders closer to the season for which they are buying. In addition, some want to reorder clothes that are popular sellers, while others want to get new and different garments into the store every few weeks.
- The United States, including New York, needs to take advantage of this change in the market. It needs to get out of "low end" production (where competition is on price) and focus on higher end production. Manufacturers and factories need to profit from their location and make the changes in their production processes that will enable them to meet retailers' desires for higher quality and quicker production.
- U.S. manufacturers also need to pursue export opportunities. There are markets abroad where a "Made in America" or a "Made in New York" label has *cachet*. The garment industry has been losing markets in the U.S. to foreign producers — it needs to compensate for these losses by actively pursuing foreign markets.
- The highly fragmented structure of the industry, with its secretive and competitive history makes the role of change catalyst difficult. GIDC is trying to counteract this by operating demonstration projects that *show* manufacturers and contractors that change is profitable. Then, it hopes, it will be able to make a significant impact on the industry.

garment workers. GIDC's *restructuring* programs, which are targeted at retailers, manufacturers, and contractors, are designed to increase demand for U.S.-based production and create additional, better, and more stable jobs. GIDC's *marketing* efforts are targeted at manufacturers and are focused on increasing production, and concomitantly, employment.

- **Training.** GIDC operates three different training programs, as well as a job referral system.
  - **Super Sewers.** The Super Sewers training program provides upskill training and cross training to dislocated sewing machine operators. The program was started in August, 1989, in response to industry studies that documented a shortage of workers in the more highly skilled, higher paid sectors of the industry. The Super Sewers program tries to improve operators' productivity and accuracy, and build their proficiency in a broad range of sewing operations. Those that succeed have the opportunity to shift to working "uptown," where the pay is better.

    The Super Sewers program is supported with money from Title III (dislocated worker programs) of the Job Training Partnership Act. Classes are conducted in designated classrooms (containing computerized machines and ergonomic chairs) at the High School of Fashion Industries. Class size varies between 20 and 26 students each cycle.

    The Super Sewers training program operates in four cycles of eight weeks each, each year. The cycles alternate between serving Asian (mostly Chinese) and Latino sewers. Classes are six hours per day, five days per week. The first four hours of class are devoted to sewing. Students are taught a different lesson each day, and a different garment each week. For graduation, they make an entire outfit.

    Instruction in the sewing class is in English. However, GIDC provides all of the classes with a teaching assistant who speaks the language of the students. After lunch, students have two hours of workplace English and health and safety instruction. The focus on English, in the morning sewing classes and in the afternoon workplace English classes, is an effort to provide the sewers with the critical vocabulary they need to work in the mixed-language environment of the uptown, higher wage shops.
  - **Classroom training.** In operating its classroom training programs, GIDC gets funding from the New York State Department of Economic Development, and then contracts out the work to the Fashion Institute of Technology. GIDC specifies what training is provided, has input on the curriculum, and controls the choice of instructors. Classes are held at the Institute. GIDC's partnership with the Institute, as well as its partnership with the High School of Fashion Industries for the Super Sewers program, has enabled GIDC to focus on the *content* of its training programs, rather than the logistics involved with getting equipment and setting up classes. Whenever possible, GIDC uses more advanced technology than is available in many of New York's manufacturing and factory shops. In this way, GIDC hopes not only to prepare garment workers for the future, but also to make them advocates for changes in their workplaces.

    GIDC's classroom training includes the following courses:

    Sewing Machine Maintenance and Repair is GIDC's oldest and most popular classroom training program. The class is targeted at factory owners and managers, and teaches them how to troubleshoot their own machinery so

that they don't have to call in a mechanic. The class is designed to cut contractors' operating costs and increase their productivity.

Marker Making and Pattern Grading cross trains cutters and helps them develop new skills and understand different approaches to cost-efficient marker making for cutting pattern parts. The class also trains them to develop the different gradations used for taking one pattern and creating the same pattern in different garment sizes.

Computerized Pattern Grading and Marker Making prepares experienced pattern makers to use the computer software now being employed for pattern making.

Management Computer Skills provides hands-on instruction in the use of a personal computer and industry-specific software for scheduling, work flow control, payroll, and other management responsibilities.

- **On-site training.** Since 1992, GIDC has been responding to employer needs by providing on-site training in such areas as modular production support techniques, problem solving, communication skills, the use of specialty machines, and quality management. On-site training is employer-specific, customized training designed to overcome clearly defined customer problems. Funding for these training efforts have come from sources such as the New York City Department of Employment, the International Ladies' Garment Workers' Union (ILGWU), and the New York State Economic Development Skills Training Program. GIDC's on-site training is provided either by GIDC staff or consultants. When consultants are used, GIDC insists that the consultants train GIDC staff to handle any similar training needs that may arise in the future. GIDC currently is trying to position itself to provide two- to three-day quick interventions for companies in need.

On-Site Training

In 1992, Mademoiselle Knitwear had a shortage of skilled workers and a backlog of work. It couldn't meet orders with its existing staff of 500 workers. It needed to expand its workforce and increase production, while simultaneously improving speed and quality. GIDC obtained a $75,000 funding commitment from the New York City Department of Employment, hired training staff, developed an on-site training facility, produced a curriculum, and worked with the International Ladies' Garment Workers' Union (ILGWU) to launch a recruitment campaign in order to provide an on-site, entry level training program for new workers.

Between August 1 and the end of September, 107 interns successfully completed training. Mademoiselle Knitwear met its production goals and saw dramatic improvement in productivity and quality. About 50 percent of the students were trained intensively for modular team sewing operations (a high performance work practice in the garment making industry). Some of the workers were realizing wages of $8.00 per hour and up after only a few weeks of training.

The following year, GIDC provided 43 support personnel with on-site, skill up-grade training in modular production support techniques, problem solving, and communications skills. Outcomes from the training included increased output, reduced work-in-process, and increased modular flexibility and adaptability to product style changes.

- **JobNet.** In addition to its training efforts, GIDC operates a centralized job referral system that serves as a coordinated cross-local (labor union) exchange. Moreover, GIDC is beginning to link its training to requests for employees. For example, when it received a request for elastic operators, it operated an intensive training program to prepare a few operators for those jobs.

- **Restructuring.** GIDC conducts two programs to enhance the productive capacity of retail-

ers, manufacturers, and contractors through restructuring. These programs are

- **Quick Response.** Quick Response (QR) was designed to meet retail buyers' desires to 1) reduce "fashion risk" by placing orders "closer to season," and 2) remain in stock, via in-season replenishment, over all size ranges. Reorganization for QR could involve using real-time merchandising and decision support systems or continuous distribution to create tighter partnerships between manufacturers and retailers. It could also involve flexible, short-cycle production techniques. GIDC's program builds a firm's QR capacity incrementally. A "QR packager" begins by helping a company address a problem *the company* has identified, and then suggests changes that would lead to QR.
- **Quality Control Network.** The Quality Control Network was developed to "help manufacturers and contractors develop mutually acceptable, synergistic quality control systems." In 1993, as part of this effort, GIDC hired a consultant to work with Lloyd Sportswear and two of its contractors to develop and implement a quality control program. The program developed helped the manufacturer and contractors produce a higher quality product more quickly. GIDC now plans to work with six more Lloyd Sportswear contractors to help them implement the quality control program. GIDC funded the quality control program with money from Lloyd Sportswear and the Council for American Fashion Labor-Management Industry Development Fund, the New York Skirt and Sportswear Association, and the New York State Economic Development Skills Training Program. Materials developed for the program were produced in both English and Chinese. GIDC will modify the prototype system developed by the consultant and use it with additional manufacturers.

Quick Response

In 1994, GIDC worked with Carole Wren, Inc. to develop and implement Quick Response (QR) systems that would help Carole Wren better service J.C. Penney. GIDC hired a consultant who then worked with Carole Wren's systems operation staff to define, and then design and develop, the computer procedures that would enable Carole Wren to use QR techniques to its competitive advantage. As part of this effort, the consultant repaired an Electronic Data Interchange linkage that was already in place, but not working properly. With this repaired, Carole Wren was able to capture point of sale information from J.C. Penney.

- **Marketing.** The Garment Industry Development Corporation's marketing efforts take two tacks: promoting exporting and encouraging domestic buyers to shop in New York. These two tacks are part of a comprehensive GIDC strategy to encourage more domestic and local sourcing.
  - **Fashion Exports/New York.** Fashion Exports/New York (FE/NY) is a non-profit organization that unites industry, labor, the academic community, and government in an effort to increase U.S. apparel exports. FE/NY was started in 1991 to provide an aggressive counterbalance to the infiltration of foreign producers into the U.S. apparel market. FE/NY leverages public and private resources on behalf of the apparel industry. Partners in the program include GIDC, the Council for American Fashion (CAF), the International Ladies' Garment Workers' Union, the Export Assistance Service Extension of the Fashion Institute of Technology, New York State's Global New York Program (an export trade demonstration projects program of the New York State Department of Economic Development),

New York City government, the Port Authority of New York and New Jersey, and the U.S. Department of Commerce.

FE/NY's current efforts focus on bringing New York producers to foreign apparel shows by

Providing export information. FE/NY has developed a clearinghouse of international contacts and first-hand market information.

Marketing abroad. FE/NY has traveled to both Germany and Mexico to conduct market research; learn about conducting business in foreign markets; promote its services to agents, distributors, and international buyers; and represent New York manufacturers and promote their lines.

Hosting buyers. FE/NY has hosted buyers from Japan and Hong Kong so that the buyers could learn about U.S. markets and help New York firms assess their products' suitability to foreign markets. During these trips, FE/NY has taken foreign buyers to shops, showrooms, and fashion shows, and helped the buyers find suitable merchandise. FE/NY worked with the Japanese External Trade Organization to arrange one Japanese mission of 50 top retail and fashion executives.

Arranging sales trips. By conducting group sales trips, FE/NY is able to generate economies of scale for the firms (e.g., purchasing one booth for four firms, getting quantity discounts on the shipping arrangements) and leverage their association – when buyers stop at the booth to see one firm's merchandise, they then stay to examine the other firms' products as well. FE/NY has also found that there are spillover effects to the whole industry from the firms' participation at foreign shows. Foreign buyers are attracted by the products they see, and then consider adding New York as a stop on their buying trips.

Part of FE/NY's strategy has been to market FE/NY. With this strategy, if buyers don't find what they want with one company, FE/NY is able to link those buyers to other companies. Bringing buyers to New York and linking them with companies enabled FE/NY to build support among a number of manufacturers. Now that it has helped some companies to make a success of exporting, FE/NY expects other companies to become interested in its efforts as well.

- **Buyer Services Program.** In 1993, GIDC launched the Buyer Services Program, aimed at making the New York garment district an easier and more attractive place for retail buyers to visit. As a first step in this program, GIDC conducted a phone survey of department stores and women's specialty apparel retailers to determine the services needed to encourage buyers to shop in New York. GIDC used the survey results to work with the new Fashion Center Business Improvement District to develop a strategy and blueprint for providing buyer services and launching a marketing campaign. Services being considered include airline and hotel discounts, a travel service, establishment of a centrally located buyers' lounge, shuttle bus services, and publication of a market-wide directory.

- **Other services.** While the Garment Industrial Development Corporation's primary efforts are in training, restructuring, and marketing, it does engage in other efforts. GIDC serves as a conduit to and facilitator for existing government technology assistance programs. It is working with the Council for American Fashion and the Fashion Institute of Technology to develop a comprehensive apparel technology demonstration and extension service.

Fashion Exports/New York

In spring, 1994, FE/NY brought four New York bridal and evening wear firms to Igedo, a major international trade show in Germany, which draws buyers from all over Europe, as well as from other major world fashion centers. FE/NY supported the trip by reserving a booth nearly six months in advance, working with the firms to establish their preferred mode for entering the German market, conducting a search on behalf of each firm to identify potential representation in Germany and Benelux, helping the firms with the "nuts and bolts" of exporting, and hiring a German trade specialist to help with negotiations and sales at the show. FE/NY also launched a multi-pronged pre-show promotion publicizing the firms' participation in the trade show, notifying major department stores and buying cooperatives, putting out press releases, advertising in German fashion trade publications, and conducting a direct marketing campaign.

Prior to the Igedo show, the firms were "passive" exporters. They did not pursue foreign sales, but foreign buyers might come to the U.S. and buy from them. Immediate sales from the three-day show totaled more than $200,000. Cattiva sold $100,000 worth of goods at the show, hired a German sales agent, and expects to make sales of $1.25 million (over 10 percent of its current sales volume) by its second year in Europe. Scarlett Nite picked up several new accounts, including a major German department store. The other two firms are pursuing discussions with potential distributors, and FE/NY is helping them to select and sign representation.

In 1991, GIDC surveyed 8,000 International Ladies' Garment Workers' Union (ILGWU) members with young children and some employers in order to help the public sector and the garment industry craft child care policies. GIDC helped ILGWU create a child care center in Chinatown. Three more centers are planned.

Results

GIDC's training, restructuring, and marketing initiatives have been quite successful:

- GIDC trains approximately 400 people per year: 80 to 100 in its "Super Sewers" program, 100 to 150 in classroom training, and an increasing number of people in its on-site training efforts.
- Almost 450 people have graduated from Super Sewers since the program's inception. The FY 1993-94 Super Sewers training program served 94 dislocated sewing machine operators. Forty-eight percent of the 71 students who completed the program by March 31, 1994, were employed in June of 1994. This performance received an "excellent" rating by the New York City Department of Employment.
- GIDC provides classroom training to over 200 garment workers and managers each year. A survey conducted in the winter of 1992 showed that 85 percent of participants in GIDC's Sewing Machine Maintenance and Repair course saved an average of 70 percent on mechanics' repair bills. The program has served 400 individuals since its inception.
- GIDC's Jobnet program made 381 referrals during the first part of FY 1993-94. Of the 381, GIDC tracked 192 individuals. Seventy-two of those tracked were employed, leaving GIDC with a successful placement rate of 38 percent.
- FE/NY has been successful: some companies are exporting, others are receptive to its export programs, and foreign buyers are more aware of what New York has to offer and have come to New York City looking to buy American. FE/NY estimates that eventually it will be able to generate $6 million in exports.

History

The Garment Industry Development Corporation was founded in 1984 by labor, industry, and government to provide real estate assistance to the sportswear industry in Chinatown. At that time, the government was

trying to force the factories out of Chinatown in order to create houses, and GIDC was able to help set up an industrial condominium. Soon after its creation, GIDC shifted its focus to training. Training was valued by both its labor and industry clients. Employees wanted training for advancement, employers wanted training so that they could find skilled workers. GIDC conducted its first training program, sewing machine maintenance and repair, in 1985. Between 1986 and 1988, GIDC's training program "took off." Super Sewers was begun in 1989, other classroom training programs in 1990, and on-site training in 1992.

Over the years, the Garment Industry Development Center has conducted a number of needs analyses to determine where and how it should focus its service. In 1989, GIDC hired a consultant to undertake a Marketing and Technology Assessment for New York's women's and children's apparel industry. This major study was designed to identify retail market opportunities, examine potential barriers that limit the access of New York City manufacturers and contractors to new markets, and develop recommendations for overcoming those barriers. The purpose of the study was to find ways to enhance New York City's position as a high value-added apparel manufacturing complex and stop the decline in garment industry employment. Several of GIDC's programs emerged from this study.

GIDC, in partnership with the Council for American Fashion (CAF), launched (FE/NY) in September, 1991, with an initial state grant of $75,000. This was GIDC's first major foray beyond training. Promoting exports in the apparel industry is difficult. Manufacturers are too busy to deal with the complexity of exporting, and firms generally have to spend a lot of time working on exporting before they see any returns. When FE/NY was first started, it offered seminars on exporting. When it found that few manufacturers attended the seminars, and the seminars had little impact on those that did attend, FE/NY switched to more hands-on export support. Initially, this involved getting to know the firms in New York, cultivating overseas contacts, hosting buying delegations, and taking foreign buyers into New York show rooms. Subsequent efforts focused on bringing New York producers to foreign apparel shows, with some trips funded through New York State Global Export Market Service grants. GIDC's domestic marketing effort, the Buyer Services Program, was started in 1993 to further support GIDC's marketing initiatives.

GIDC's March 1992 publication, *Keeping New York in Fashion: A Strategic Plan for the Future of the New York Fashion Apparel Industry*, was based on the 1989 Marketing and Technology assessment. One of the key strategies presented in the publication was "Quick Response": the reorganization of production, marketing, and inventory management operations to create closer, more efficient linkages between fabric suppliers, contractors, manufacturers, and retailers. Following release of *Keeping New York in Fashion*, GIDC planned to implement four pilot projects to document the process and profitability of QR restructuring. These demonstrations were integrated QR planning; real time merchandising; decision support systems/continuous distribution; and short-cycle, flexible manufacturing. GIDC was able to get an initial grant of $175,000 from the New York State Urban Development Corporation for planning the demonstrations.

GIDC's comprehensive QR plan didn't work. GIDC was unable to convince a group of retailers, manufacturers, and contractors to join together to make the major changes envisioned in the QR demonstrations. GIDC went back to the drawing board, and decided to build QR capacity incrementally. GIDC hired a "QR packager" to work on this strategy by trying to solve companies' problems, while simultaneously putting together deals within the industry.

Early in 1992, GIDC used a $45,000 grant from New York State to conduct interviews

with 100 city-based manufacturers and contractors to determine the needs of the women's apparel workforce. The "Employer Needs Project" found that the industry was looking for quality assurance programs to improve quality control and monitoring systems at both the design and production levels, expanded involvement of contractors in garment engineering, effective marketing for contractors, and accurate costing systems. In response, the "Quality Control Network" was created in 1993.

GIDC has had three presidents since its inception. The current president, Bruce Herman, has promulgated a vision for the corporation far beyond that which was initially planned. In fact, two of GIDC's initial founders, Jay Mazur and Eli Elias, were surprised at both GIDC's current size and the variety of programs and services it was offering.

Structure

The Garment Industry Development Corporation keeps its disparate projects operating with a combination of dedicated staff, consultants, and partnerships with labor, trade, and industry associations, educational institutions, and government agencies.

The number of GIDC staff has grown as GIDC has taken on additional programs and services. Currently, GIDC's in-house staff includes the organization's president, a project manager, an executive assistant, and a receptionist. For its training function, GIDC has a director of training, an assistant director of training, a training assistant, two vocational training field agents, and two part-time job placement counselors. The export function is handled by an export director and two export interns, though GIDC is planning to hire an assistant for export. Quick Response is handled by the "QR packager," who only works part time.

GIDC has six to 12 people working for it on a project basis at any given time. This includes the Super Sewers trainer and translators/teaching assistants, three to four Fashion Institute of Technology (FIT) professors conducting classroom training programs, two FIT professors working as consultants with GIDC's training field agents, and one to two "big time," costly consultants working on the Quick Response and Quality Control Network projects.

GIDC relies on the High School of Fashion Industries and the Fashion Institute of Technology (both of which are located within walking distance of GIDC's offices) for its training facilities. In 1989, GIDC used New York City funding to open its Garment Industry Training Center within the High School of Fashion Industries. This permanent training facility includes two dedicated classrooms equipped with state-of-the-art industrial sewing equipment.

Keys to Success

While the Garment Industry Development Corporation is not without its problems, there are a number of lessons that GIDC can pass on to those that want to learn from it.

- **Create a vision.** A vision of where you want to go is key to a project's success. GIDC is willing to confront biases and traditions "head on," and push for change. Change is a "wrenching" undertaking, destabilizing, and uncomfortable. Making change requires a comprehensive approach and the willingness to take risks. It even requires a "leap of faith."
- **Form partnerships.** Despite the problems, GIDC's greatest strength is its tri-partite base (labor, industry, and government). While this partnership is not always easy, it is durable. A government-business partnership may collapse when the government changes. Longevity requires having a base outside of the current political structure. GIDC is not government created, it is government supported. In putting together its partnerships, GIDC has been very inclusive. GIDC sees everyone as a potential

partner. GIDC considers turf issues to be minor in comparison to common ground.

- **Be industry specific.** GIDC is industry specific. Because it is industry specific it can tailor its programs and services to meet the needs of its clientele. GIDC also has no geographic limits (except those prescribed by its funding sources), so it can be market oriented, developing and promoting programs that make sense industry wide.
- **Have a customer focus.** GIDC tries to cater to its customers while still helping them to move toward a broader vision. GIDC conducted a number of surveys to determine customer needs. When its customers didn't respond to its QR plan or its exporting seminars, GIDC developed new strategies. GIDC makes sure its customers know that it is there to help them. When a president from one of the union locals calls about a problem with a firm, GIDC is there the next day. GIDC also pays attention to the little things – its brochures are produced in Spanish and Chinese, as well as English.
- **Start small.** It is not always necessary to start with a large-scale plan for having a major impact on the entire industry. GIDC has been selective in its programs and it now sees the value in taking its programs one small step at a time. It is impossible to start everything at once. GIDC has carved out areas where it could have a proven success. After some successes, GIDC found it easier to convince its clients to try more radical ideas. GIDC is willing to start small, learn from its mistakes, and then consider ways to expand its reach. GIDC looks for hands-on programs that can have visible successes. These successes are then held up as exemplars, and used to convince other firms to try the new strategies as well. GIDC has learned by doing. It has found the companies that are willing to take risks and has recruited them into its cause. GIDC does not expect to "save" the industry overnight. It plans to keep on learning, program by program and firm by firm, until it is ready to expand its initiatives.
- **Operate efficiently.** GIDC has worked hard to find ways to finance its programs. It knows where there are state and local dollars to help fund the changes the garment industry needs to make. GIDC makes government funding of garment industry programs feasible by serving as the conduit between government and the numerous small manufacturers and contractors in the industry. By serving as a "packager" combining services to a number of small companies, GIDC is able to create a project big enough to receive government funding. GIDC also relies on the kindness of friends. By forming partnerships with other organizations and companies, GIDC is able to reduce its own out-of-pocket expenses. For example, GIDC is able to reduce the costs of its classroom training programs by using the facilities of the High School of Fashion Industries and the Fashion Institute of Technology. Finally, GIDC is very efficient in its use of resources. It insists that the consultants it hires train its staff, so that GIDC won't need the consultants again. It has also "grown" its own staff in order to get the right skills at the right price.

Issues to Consider

As the Garment Industry Development Corporation has worked with and for the garment industry over the last decade, a number of issues have arisen.

- **Gaining proponents for its vision.** GIDC sees a future for the industry in improving the quality of its products, moving from low end to high end production, building the necessary linkages and systems that will enable it to respond quickly to retailer demands, and increasing domestic and foreign marketing. GIDC feels that it can help the industry make requisite changes by

providing appropriate training, restructuring, and marketing programs. GIDC's vision, however, is not completely shared by its key partners: labor, industry, and government. Within the garment industry, neither business nor labor is particularly visionary. GIDC needs to *convince* them that the changes it's proposing will improve industry conditions – making the companies more profitable and the workers more secure.

Because GIDC is more visionary than its clients, GIDC frequently finds itself trying to strike a balance between *listening* to its customers and *leading* them. At times, GIDC's vision exceeds its grasp. Its first Quick Response plan was too grandiose. It had to scale down the plan and begin its QR efforts by solving problems shop by shop. GIDC needs to get others – its partners, clients, customers – to share its vision. All GIDC staff need to be able to enunciate the vision and convince others of its value. GIDC can best accomplish its mission if its partners wholeheartedly support its vision.

- **Integrating services.** GIDC is not providing comprehensive, integrated services within a single company. However, the concept of delivering integrated services to a single company does not necessarily make sense in the garment industry. Because the production and marketing process is divided up among the four key players – retailers, manufacturers, contractors, and the union – it may make more sense to think in terms of providing comprehensive services within the industry. If one takes this view, GIDC is providing comprehensive services: targeting training on the union and some contractors; restructuring on the retailers, manufacturers, and contractors; and marketing services on the manufacturers. GIDC wants to provide a wider range of assistance and more integrated services within individual companies. This planned "cross fertilization" is starting to happen. GIDC is beginning to bring new services to companies it has worked with previously in another capacity.
- **Marketing its own services.** While GIDC is helping manufacturers better market their garments both at home and abroad, GIDC is finding it difficult to market its own services. GIDC has a newsletter, which it distributes through the unions and trade associations, and it is able to get stories into the industry press. However, there are many individuals in the garment industry who know nothing of GIDC or its activities.

  GIDC has difficulty getting the unions and trade associations to carry stories about its activities in their newsletters. (This is not always the case. Some union locals do carry articles on GIDC frequently.) GIDC is afraid that the unions and trade associations don't publicize its activities because GIDC is "neither fish nor fowl," it is neither union nor industry. GIDC also thinks that some of the trade associations don't publicize its activities because GIDC makes the associations "look bad" – GIDC does a better job at raising money to assist the firms than the trade associations do. (This is not a problem with the unions. The union locals have a rich tradition of providing services to their members.)

  GIDC is not getting its message out. It needs to be more proactive. In general, GIDC communicates firm by firm, and individual by individual. It needs the support of its partners if it is to become well known throughout the industry.
- **Procuring funding.** GIDC is almost entirely dependent on government funding. This has led to a number of problems. First, because government agencies consider the garment industry to be a sunset industry, GIDC is forced to constantly make the case that the industry should be supported. Second, because it takes government agencies as much time to approve and manage small grants as it does large grants, government agencies are frequently unwilling to fund the

very modest projects appropriate for the small companies that comprise the garment industry. Finally, GIDC is plagued by the instability of its funding and the long delays between government granting of funds and government delivery of funds. GIDC needs to seek out other funding sources that provide a more secure and stable flow of cash.

- **Evaluating programs.** GIDC thinks that it is doing a good job and providing quality services that have tangible benefits for its clients, but it doesn't have the time (or the money) to evaluate its efforts. Instead, it relies on outsiders that want to study it for evaluations and write-ups of its activities.

UPDATE

GIDC's continued success is evident in its move to a larger office and anticipated growth from 12 to 15 to 20 staff (this is despite the use of sub-contracts to hold down staff size). This progress is evident in all of GIDC's services:

- **Training.** Over 1,000 people completed a GIDC training program last year. The target for this year is 1,500 completions. GIDC has significantly expanded its on-site training services. This initiative includes direct training of operators, supervisor training (on-site and seminar), and train-the-trainer activities (GIDC wants to leave its client firms with their own training capacity). New York state provided an initial grant to develop these services. GIDC is currently negotiating with the Industrial Technology Assistance Corporation (a manufacturing extension partnership for New York City) for additional federal/state funding and some programs will be conducted on a fee-for-service basis.
- **Restructuring.** GIDC continues to provide quick response and technology assistance to firms. The new on-site training initiative is an offshoot of these restructuring services.
- **Export.** GIDC believes it has succeeded in establishing export as a viable business strategy. Its outreach has extended to additional countries (e.g., France), involved over 50 firms, and generated over $25 million in business.

Despite its success, GIDC faces significant challenges. The lack of support at the federal level for a diverse economy of small manufacturers such as those served by GIDC (versus support for integrated textile manufacturers in the south) remains a frustration. The fragmentation within the New York City garment industry, combined with generational differences among industry leaders make presenting a vision of a modern garment industry a challenge. (GIDC's director notes that business leaders need to think they will still be in the industry 20 years from now to see the full value of GIDC's services.) GIDC is currently negotiating for space to construct a Fashion Industry Modernization Center in Chinatown. The state has already provided funding for this project. GIDC anticipates that the center should help sell its vision of a modern garment industry.

Contact

Bruce Herman
President
Garment Industry Development Corporation
275 Seventh Avenue, 8th Floor
New York, NY 10001
Phone: 212/366-6160
Fax: 212/366-6162

Harford Systems, Duracool Division

Key Features

- Company-driven
- Just-in-time services

Services Provided

- Vision development
- Gainsharing
- Strategic systems integration
- Literacy assessment, basic skill development, and team training
- Quality productivity assessment
- Financial support

Arley Mead, a new division president of Harford Systems, turned around the performance of the Duracool Division without resorting to a slash and burn process. Instead, the turnaround was a carefully crafted building process utilizing a range of external service providers as a source of ideas, but relying on the internal "partners," as the employees of Duracool are called, to define the specific action steps. Mead and his management team acted as the "general contractor" in obtaining and integrating the inputs of a range of service providers into a coherent management process. The result has been a multi-year organizational improvement effort characterized by constancy of purpose rather than a continuing series of disjointed "programs."

The change process at Duracool was stimulated, encouraged, enabled, and guided by inputs from service providers. These service providers consisted of national gurus such as Tom Peters, specialists such as a gainsharing consultant, and ongoing relationships with educational organizations (the Maryland Business School's Center for Quality and Productivity, and the local community college). However, without the strong, consistent, patient, visionary leadership provided by the division president the service providers could not have made the contributions they did.

A number of service providers made contributions to the Duracool change process. At the beginning, a Tom Peters seminar helped Arley Mead initiate and guide the change process. During the first year, the process needed to demonstrate a clear sense of direction and build trust. Gainsharing program development served as the vehicle for these two purposes. A service provider introduced the "vehicle," but it was the way the Duracool team utilized this vehicle that made it so successful.

Two local service providers were also important to the evolution of the change process. The Maryland Center for Quality and Productivity, through its membership program, member meetings and networking, publications, and quality and productivity assessment served as a "strategic systems integrator." Another local resource, Harford Community College, provided a literacy assessment, basic skill development training, and training for teams.

The Maryland Department of Economic and Employment Development (DEED) provided financial support for Duracool's training and quality and productivity assessment. DEED funded assessments provided by the Maryland Center and partially offset the cost of the community college training. Finally, Duracool also made effective use of the U.S. Senate Productivity Award to provide a framework for self-assessment and continual improvement.

The division used service providers effectively because the management team did its

Role of Service Providers in the Change Process		
Principal Service Providers	**Type of Organization**	**Role**
Tom Peters	Private consultant	Catalyst
John Belcher	Private consultant	Gainsharing design
Maryland Center for Quality and Productivity, Maryland Business School	University center	Systems integrator, organization assessment
Harford Community College	Community college	Literacy training
Maryland Department of Economic and Employment Development	State agency	Funding to offset costs of services
U.S. Senate Productivity Award	Volunteer board	Self assessment, recognition, and feedback

homework and never gave control of the change process to outsiders. The management team used service providers for inspiration, technical guidance, and skill development. Service provider messages were always reinterpreted through Duracool management and partners prior to their being deployed across the organization to ensure they were aligned with the company's ongoing efforts. This process assured consistency, and it sent the message that management was leading the change process.

Duracool's hands-on involvement and control of the change process proved to be a very effective way to use service providers. The change process took longer than if a single consultant had been brought in as the "architect." However, by studying, learning, and then designing its own process, the Duracool team developed members' capabilities to a much greater degree than would have occurred with a single consultant. Team members' work with the consultants left the organization much stronger, self-sufficient, and independent of any outside service provider. In addition, the strategy used by Duracool saved the company money on consultant and training fees.

Business Description

The Harford Systems, Duracool Division is a manufacturer of walk-in coolers and freezers. Duracool is one of three divisions of Harford Systems, which is a subsidiary of Biomedic, a company located in Maywood, New Jersey. The Duracool Division builds and assembles the panels that comprise the walls of the coolers. Doors, compressors, and hardware are purchased from component suppliers. Typically, the walls of the boxes are made of Galvalume steel, a proprietary product of Bethlehem Steel, Sparrows Point, Maryland. The principal value-adding operations performed by the Duracool Division are sales, design, wall panel construction, door construction, packing, shipping, assembly, and installation.

The Duracool Division has 100 employees organized into sales, engineering, manufacturing, logistics, and administrative groups.

The principal market is commercial and food service customers. Customers range from restaurants, to food retailers and wholesalers, to any organization with an industrial kitchen (e.g. schools, prisons, corporations, etc.). The market also includes environmental rooms, labs, mortuaries, florists, and others.

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The total U.S. market is $400 million per year. The east coast is approximately 50 percent of the total market. Duracool has approximately 5 to 6 percent of the east coast market. Geographical proximity to the market is important, since shipping costs are significant. In the market there are 62 competitors, ten of which are considered major. Only two are significantly larger than Duracool.

Results

Between 1989 and 1993, sales at Duracool doubled despite the fact that the market had been contracting at 4 to 6 percent per year. Market share over the same period doubled from 3 to 6 percent. Productivity, measured as the number of panels per direct labor hour, grew from .865 to 1.581, an increase of 82.8 percent or an average annual increase of approximately 20 percent. Productivity of door production increased from .163 doors per direct labor hour to .273, an increase of 67.5 percent.

Evidence of quality improvements can be seen in statistics showing that field rework and warranty costs as a percent of sales declined by 46 percent. Employee turnover, which was once approaching 100 percent, became virtually nonexistent. Improvements in safety led to a decrease in workman's compensation costs of 18.8 percent. Materials efficiency led to a decrease of over 22 percent in the quantity of supplies utilized as a percent of sales. Cost of poor quality as a percent of sales dropped from almost 6 percent in 1991 to approximately 3.3 percent in 1994.

The division, which had not made money in ten years prior to 1988, has been consistently profitable from mid-1989 until today. Operating profit has gone from minus $30,000 per year to over $716,000.

Maryland's U.S. Senators Paul Sarbanes and Barbara Mikulski recognized this performance improvement by giving Duracool Division of Harford Systems the prestigious 1993 U.S. Senate Productivity Award for Manufacturing, Maryland's version of the Malcolm Baldrige National Quality Award.

History

It is important to review what happened to cause such a dramatic turnaround. This section traces the chronology of the change effort, highlighting some critical aspects of the process and paying particular attention to the selection and role of the different service providers.

The change effort was triggered by three principal events. First, the division was sold by its previous owner, Hazelton Labs, to Biomedic, Incorporated. Second, the division was established as a separate profit center in 1987. Third, Arley Mead was brought in to be president of the division. Since the division had been losing money under its previous owners, Mead's challenge was to turn the organization into a profitable firm.

The Duracool Division organizational change story begins shortly after Arley Mead took over the company in 1987. Realizing that the company must change direction, Mead looked for sources of guidance. This search ultimately led to two individuals who played a critical role in initiating the company's change effort: Tom Peters and John Belcher.

Arley Mead attended a Tom Peters seminar in California in January of 1988. Following this seminar, Arley engaged his management team in study and discussion sessions, using Tom Peter's book *Thriving on Chaos* to determine together how they would reorient the company. These sessions lasted from February to May of 1988. The conversations that took place as the management team applied the expertise in Peter's book to Duracool's situation unified the team and created a common sense of what the company needed to do.

About the time Mead took the reins of the Duracool Division, the parent company, Harford Systems, engaged the Maryland Business School's Center for Quality and Productivity to

conduct a Quality and Productivity Assessment of Harford Systems as a whole. This assessment introduced Harford Systems, Duracool Division to the Maryland Center for Quality and Productivity (MCQP) and the concept of productivity gainsharing, covered in an MCQP-sponsored public workshop conducted by John Belcher in March of 1988.

Mead adopted the same approach following the productivity gainsharing workshop as he had with the Peter's book: he convened a team of Duracool employees to design a gainsharing system for the division. The group studied Belcher's book *Productivity Plus*, and John Belcher conducted a one-day workshop at the company site to teach the principles of productivity gainsharing in greater depth.

The productivity gainsharing design team, which was comprised of a cross section of employees from all levels in the plant, addressed a number of design issues including the formula, baseline, payout amount and distribution, deficit reserve, caps and buy backs, rationale for gainsharing, process, scoring, and reporting. The design team created the Duracool gainsharing system during the period from April to August, 1988.

The lessons drawn from the Peter's book and the gainsharing program design came together when the management team of Duracool set out to design its overall change effort under the banner of PRIDE. It was clear to this top management team that the first priority of the overall change effort had to be to make the company profitable. However, it was also clear to this team that management alone could not make that happen. The PRIDE program was established to involve all employees in building the firm's profitability. The PRIDE framework had three main components:

- **The Productivity Statement.** The Productivity Statement provided a rationale and direction for the change process, and described why Duracool had to change and how it would attempt to change.
- **The Partner Involvement Statement.** The Partner Involvement Statement provided the rationale and values underlying the employee involvement process. The statement addresses a number of very important principles. First it communicates that people are *the critical resource* needed to make the business succeed. Second, it says that management will provide the support needed to build and maintain employees' skills, and will provide mechanisms to allow their ideas to make a difference in how the business is operated. Third, it points out that the gainsharing process will enable everyone to benefit from any productivity improvements. Finally, and perhaps most importantly, the statement says that "...No partner [all employees are partners] will lose his or her job because of productivity related improvements."

Productivity Statement

We acknowledge that we can only hope to maintain the confidence our customers place in us if we consistently manufacture products which meet customer defined quality requirements on time, every time. Moreover, we recognize that we compete with over 100 manufacturers of walk-ins in the U.S. alone. Thus, we must not only meet and exceed customer expectations, we must also become more productive than our competitors, seeking to be the lowest cost producer in the industry.

This requires that we begin a long-term process where productivity improvement becomes everyone's way of life, our culture. Productivity must be institutionalized so that we daily make better and more effective use of all our resources, labor (plant and office), capital, expendable equipment and supplies, raw materials and energy, etc. Continued productivity improvement means finding better ways to do every task with the resources we have (working smarter, not harder) to improve at all levels: sales, engineering, materials management and production. Sustained productivity improvement must be a permanent part of our company culture, strategy and overall management and direction.

❑ **The gainsharing system.** The gainsharing system communicates the message that if productivity and overall business performance improves, everyone will win.

In October, 1988, the PRIDE process and gainsharing were launched at an all-staff meeting announcing the process and the philosophy. The plant continued its unprofitable performance through the remaining months of 1988.

In January of 1989, the plant made its first payout under the new gainsharing plan. The initial payment was $85 per full employee share. The management team did not fully realize at the time of this payout how significant this initial payment was. Its symbolic value far outweighed the tangible value of the money. This payout, even though the plant was still unprofitable, sent a loud and clear message that the management of the Duracool Division could be trusted to live up to its commitments. This first payout from the gainsharing plan is now viewed as a key turning point in the Duracool change effort, and marks the culmination of the first phase of Duracool's transformation.

A number of factors combined to enhance Duracool's readiness for further change. The most important was that the company reported its first quarterly profit in the second quarter of 1989. In addition: turnover had been reduced, thereby providing increased employee stability; a form of employee involvement had been introduced through the suggestion system; and the gainsharing system had established the principle that everybody wins if the performance of the plant improves.

These conditions led to a climate of trust. There was greater plant-wide understanding of the factors that were important to business success, and partners had seen that their ideas would be listened to and would make a difference. Given this new context, Arley Mead and his management team could consider further change efforts that would improve the Division's competitive position. Specifically, the firm had gone through sufficient change to be

Partner Involvement Statement

We recognize and affirm that sustained productivity improvement can be realized only with the Total Involvement and commitment of all Duracool Partners. To insure this commitment on the part of every Duracool Partner, we are dedicated to providing a quality of work life where the following values are shared:

- Every partner knows his/her job better than anyone else.
- Partners can and will accept responsibility for participating in the management of their work and their company. The total of each partner's individual commitment and shared ideas is greater than any supervisor's or manager's individual contribution.
- We seek to establish as many self-managing natural work teams as possible.
- Intelligence, perspective and creativity exist at all levels of our partnership.
- To aid in the development of knowledge and perspective, we will provide awareness, technical and problem solving training for all partners.
- All partners support team work, idea-sharing and work in an environment of mutual trust.
- Increased two-way communication about the goals and objectives of our company, about how to achieve them and about progress made are part of our culture.
- A formal suggestion system exists to facilitate communication, trust and idea-sharing.
- Decision making is encouraged at the most appropriate level.
- Discipline, responsibility, direction and control are effective when self motivated, not externally imposed.
- Problem solving, cost saving and productivity producing ideas and suggestions are solicited from individual partners, work teams and task forces.
- The financial benefits of improved customer responsiveness, quality, and productivity will be shared between all partners and the company via the productivity gainsharing process.
- Because productivity is a positive force for the company and each partner's quality of work life, no partner will lose his or her job because of productivity related improvements.

prepared for the implementation of total quality.

Duracool used the same process it had used in initiating its change effort in its adoption of total quality. Management acted as the "quarterback" for the effort, as the division reviewed alternative sources of guidance, discussed the implications of these alternatives for Duracool, and then designed and implemented a program tailored to the company.

The exploration of the total quality approach began in the fall of 1989 as total quality team members met with service providers who shared alternative approaches to implementing total quality. These included meetings with the Maryland Center for Quality and Productivity to review the center's total quality model.

In May of 1990, Duracool asked the MCQP to conduct a quality and productivity assessment of the Division. MCQP assessments are supported by the Maryland Department of Economic and Employment Development, and are therefore very inexpensive for manufacturing firms. MCQP reviewed the strengths and weaknesses of the division, focusing on issues of business strategy, organization structure, marketing and customer service, manufacturing, safety and environmental practices, purchasing and materials management, engineering, and facility management.

The detailed recommendations provided by the assessment were read and discussed by the Duracool management team, which then set priorities among those actions the team agreed must be addressed. The management team then turned these priorities into action items, to be undertaken as time and resources would permit. This "roadmap" for change was a critical part of the total quality planning process. In fact, the recommendations emerging from this assessment continue to guide the company's change effort.

Another important input to the total quality process was assistance from Harford Community College. Representatives from Duracool held an initial meeting with the college president, Dr. Rick Pappas, in June of 1990. A follow-up meeting was held in the fall of 1990 with Dr. Pappas and Dr. Jim Lacalle, Dean of Continuing Education, to discuss the college's ability to provide introductory total quality training. Following these meetings,

Employee Suggestion System

The primary formal mechanism for obtaining ideas from individuals is the suggestion system. The design of the Duracool suggestion system was based on General Electric's system. Two committees administer the system: one is an evaluation/awards committee, and the other is the suggestion committee. The evaluation/awards committee reviews suggestions and the supervisors' input on the suggestions. It either accepts or rejects an idea, and determines the dollar value of the suggestion and the payout to the partner who submitted the idea. This committee meets once a week so that prompt feedback is given to those submitting ideas.

The suggestion committee serves as the policy committee reviewing the suggestion system plan and recommending improvements. The suggestion committee provides a continuous improvement mechanism for the suggestion process.

Ranked Priority Areas of MCQP Assessment Results

- Continue team building
  - internal customer appreciation team
  - cross-functional teams
  - interdepartmental cooperation teams
- Solve space problems
- Set up a preventive maintenance program
- Establish a system to report, analyze, and solve customer problems
- Promote accurate reporting – discipline
- Improve quality control – individual versus department and incoming inspection
- Increase capital – sufficient equipment and parts
- Reduce planning and set-up time
- Determine shop floor capacity and wait time
- Install engineering standard hardware/MRP II system

Duracool decided to launch a total quality process and to have Harford Community College provide the initial total quality awareness training.

Total quality awareness training was conducted in March and April of 1991. This training stressed the role of the individual employee in the total quality process, and covered internal communication, conflict management, and problem solving. It did not address, in detail, the issues of identifying external customer requirements, linking total quality to business strategy, or other strategic quality issues. The training did not so much launch the total quality effort, as provide an initial exposure to total quality concepts and principles so that the partners could then design the Duracool Division process. Harford College provided 16 hours of training to all partners.

Quality Awareness Training

I. The Philosophy of total quality management
   - A. Crosby, Deming, and Juran
   - B. Process control vs. defect management
   - C. Commitment to:
     1. Continuous improvement of processes
     2. Customer importance and satisfaction
     3. Complete involvement of all personnel
     4. Proper use of statistics

II. The transition process
   - A. Paradigm Shift: videotape
   - B. Redefine relationships at all levels
   - C. What's in it for me? (WIFM)
   - D. The element of time
   - E. Requires absolute commitment

III. The role of the individual
   - A. Human behavior and relationships
     1. Communicating effectively at all levels
     2. Motivation of self and others
     3. Conflict management
     4. Minimizing fear through peer support
   - B. Coping with the changes
   - C. Team building for improvement

IV. Job planning, control, and problem solving
   - A. Brainstorming
   - B. Nominal group technique
   - C. Planning and documentation
   - D. Cause and effect diagrams
   - E. Flowcharts
   - F. Cost/benefit analysis
   - G. Conducting productive meetings

V. Self-assessment and assuring success
   - A. Quantitative methods/statistical process control
     1. Elements of a statistical strategy
     2. Building a vocabulary
     3. Procedures in effect at Harford Systems
   - B. The future for Harford Duracool

Harford Community College recommended that Duracool have partners' skills assessed to determine needs for remedial training prior to the implementation of any total quality program. The community college conducted a literacy assessment in November 1991, and then provided basic math skills and reading skills training between May and August.

Following the initial math and reading skills training, Duracool launched two parallel initiatives that helped tailor the total quality program to Duracool's conditions. The first was a customer interview/survey process. The second was a design effort to decide how Duracool would structure its total quality implementation process.

The first step in the customer survey process was to identify Duracool's most significant customers. This analysis pointed out that 8.9 percent of Duracool's customers accounted for over 64 percent of the division's sales. These 25 leading customers were visited by members of the management team, who used a structured interview instrument to solicit customer feedback on issues of sales, engineering/production control, shipping/trucking, and installation. Thirteen of the customers, accounting for 43 percent of the sales, were visited by the president of the division. Following the visits, management tabulated the interview results and defined action priorities. The output of these customer visits formed the agendas for many of the subsequent Duracool project teams.

The design of the total quality implementation process involved the entire senior management team and included input from

many partners at all levels in the firm. The total quality implementation process led to the MOST Process, the "Moral Obligation-Satisfy Them," which became part of the logo for the total quality process. Key elements of the MOST process were its structure; procedures for defining and conducting projects; team formation and the establishment of team objectives; internal customer focus; incentive programs; and coordinator/facilitator training. In addition, the MOST process design incorporated elements that were already in place at Duracool (e.g. gainsharing, suggestion process, etc.).

Based on the design team's recommendations, management decided to establish a steering committee to provide overall guidance and oversight for the total quality effort. Each functional unit in the plant had a Quality Improvement Team (QIT) that represented both management and non-management partners. The role of the QITs was to identify quality improvement projects within members' functional units, work with other functional units to identify cross functional process improvements, and help create a culture that would sustain the MOST process within the units. Corrective Action Teams (CATs) were formed to act as process improvement and problem solving teams. CATs were project teams that had the responsibility to use seven basic problem solving and process improvement tools to recommend improvements.

Teams were eligible for cash awards for recommendations in the same way that the suggestion process rewarded individuals. Cash awards were based on the dollar savings associated with the ideas. In addition to providing financial incentives, Duracool coordinated its existing recognition efforts with the MOST process. Additional non-monetary, recognition processes were established to promote and recognize partner contributions. These included "Goodnick" awards, which were on the spot recognitions. These awards could be given anytime by anyone to another partner who was judged to be deserving. Additional non-monetary awards included a partner of the month award, perfect attendance awards, safety awards, cost of quality awards, new product development awards, and recognition through mention in the monthly newsletter.

The MOST process (i.e., Duracool's total quality process) was officially launched with a formal kickoff event in October, 1992. Each QIT was asked to hold meetings with its internal customers and define ideas for potential projects for the CATs in its unit to work on. The ideas were reviewed by the Quality Steering Committee (QSC) which had chartered the QITs. Prior to chartering, Harford Community College was asked to again conduct training for team leaders and facilitators.

By January and February of 1993, the QIT and CAT teams were beginning to complete projects and show results. Between January and March, the Steering Committee decided to launch two information system initiatives: a MAPICS based MRP system and a Sales/Engineering CADCAM system that could interface with the MRP system. These systems made it possible to link information systems associated with the order quotation/bid, design, materials, and production control processes, and provided a seamless system which would speed up the quote process and provide shop floor control of all jobs as they went through the production process. Benefits of this change included reduced cycle time, improved accuracy and speed of quotations, improved inventory control, accurate projection of delivery dates, flexibility to respond quickly to customer requests and changes, and reduced costs. The MCQP assessment had initially identified the need for this integrated system, and the customer data collection process had reinforced the need.

The Division, which had not made money in ten years prior to 1988, has been consistently profitable from mid-1989 until today. Operating profit has gone from minus $30,000 per year to

over $716,000. For this and a variety of other performance improvements noted in the introduction to this case, Maryland's U.S. Senators Paul Sarbanes and Barbara Mikulski recognized the Duracool Division of Harford Systems with the prestigious 1993 U.S. Senate Productivity Award for Manufacturing.

Keys to Success

In describing its experience, Duracool management identified six key points to success:

- **Involve and empower employees.** Success was achieved through full partner involvement and empowerment, coupled with rewards and recognition for participation. Many people in the company participated in deciding how the organization would change. Their ideas were encouraged and they were accepted. This created a feeling among employees that "this is our company now."
- **Focus on quality and customers.** Success requires a quality focus based on a solid understanding of customer requirements. This understanding of the customer requires continuous use of multiple methods of data collection. Both formal methods (e.g. surveys) and informal methods (e.g. visits and phone calls) are essential. This customer focus allows the company to assure that teams are focused on improving processes that will lead to improvements and have an impact on customer behavior. Otherwise, except for cost savings, the improvements will not affect business results.
- **Surround quality products with quality service.** It is insufficient to turn out an error free product and expect the customer to be delighted. Error-free products are expected. Customer satisfaction and delight result from the service that surrounds the product. This involves services such as delivery, telephone service, rapid quotes, rapid response to design changes, expert installation, and customer-friendly billing systems. Trained, customer-focused, and empowered employees deliver the services that result in customer delight. Employees are more effective when their performance is supported by information technology that helps them deliver outstanding service. The company enabled successful performance through investments in training and new systems. These investments increased the capability of the people to deliver outstanding performance to customers. Without these capacity building actions, the employee buy-in would not have led to the level of performance improvements that occurred.
- **Emphasize substance over form.** Leaders must set the example, deliver what they promise, model the behavior they expect from their partners, and hold each other accountable for results. When Mead said he would do something, he did it. When he asked someone to do something, he followed up to make sure it was done. It was through such personal acts that Arley Mead demonstrated his leadership and gained the trust of his partners. He modestly says that, because he came from a marketing background, he had no choice but to listen to his people, he didn't have the technical expertise to do otherwise. However, when you talk to the partners in Duracool, it becomes clear that Mead is a president who has faith in his people and has earned their commitment by demonstrating that faith. The first payout under the gainsharing system, prior to the company's return to profitability, exemplifies this faith. Partners pointed to this payout as a tangible, visible symbol that this new management would do what it said it would do, even though it might be painful. The integrity associated with keeping this commitment went a long way toward restoring employee trust in management.
- **Strive for consensus.** Decision making

should strive for consensus on key issues requiring wide-spread buy-in. Democracy, i.e. majority rules, is not consensus. Achieving true consensus requires education, discussion, and patience. However, when consensus is achieved, implementation proceeds very rapidly and commitment is very high.

- **Be patient; don't look for quick fixes.** Continuous improvement requires patience. Change processes that strive for a quick fix are unlikely to achieve sustained results. Even though the division was unprofitable, Mead did not embark on a "slash and burn" effort to create short-term profitability, though this must have been a temptation. He began a systematic, deliberate process to lay the foundation for sustained performance and profitability. Mead listened to the employee "experts," coached the management team, gained the trust of everyone, and most importantly, demonstrated a high level of personal integrity.

A change process is like painting a wall. If you take the time to adequately prepare the surface, the paint will adhere and the paint job will be beautiful for a long time. However, if the painter does not take the time to prepare the surface, and insists on putting the paint onto a poorly prepared surface, it will blister and peel. A change process is the same. Building trust, commitment, understanding of the need to change, and consensus regarding the direction required are like preparing the surface for painting. The quick fix will not produce sustained results, and like paint on a poorly prepared surface, it will be disappointing.

A final lesson, not identified by Duracool, relates to the Division's strategy for using service providers.

- **Retain control of the change process.** It is vital that the leadership of any organization be the "drivers" of change. This role should not be abdicated to outside change agents. Duracool effectively listened to the advice of outside change agents, but translated that message into Duracool language for deployment throughout the organization. Even the total quality awareness and team training provided by the community college was guided by a Duracool team which determined how the concepts introduced during training would be deployed throughout the firm. This strategy kept Duracool in control of its change process, assured consistency, and allowed the company to internalize the knowledge and skills provided. This strategy for using service providers served Duracool well.

Issues to Consider

- **Sustaining change.** The transformation of Harford Systems, Duracool Division illustrates the evolutionary nature of change. The company needed different expertise at different points in time to support its change effort. The primary needs in the initiation phase were a clear sense of direction and the development of trust. The gainsharing program answered both of these needs. The fundamental need in phase two was improved competitiveness. This was accomplished through the implementation of total quality management. Success requires constant change. How can Duracool sustain its change initiative? What tools and techniques will constitute its next phase of evolution?
- **Pursuing growth.** The poor financial situation which Arley Mead inherited when he was brought in as president was a barrier to investing in new systems or technology. Mead had to first stop the "hemorrhage of red ink" before he could begin the process of modernizing the division's processes. In addition, because Duracool is a division of a larger entity, it does not have total autonomy to invest in its future as it sees fit. As it became profitable, it was not allowed the luxury of plowing all of its profits back into

the division. These financial constraints limit the growth of the firm.

UPDATE

In November, 1996, Arley Mead, the division president, and two investors bought the division from Harford Systems. The new company is Harford Duracool, LLC. Displaying the change management skills that have led the company to three straight years of sales and profitability increases, Mead tried to make the human resources and other systems changeovers as seamless as possible (e.g., there were some required changes in accounting, but the firm used the same health insurance and duplicated the computer systems). The basis of this firm's continued success is evident in other aspects of Harford Duracool:

- **Self-directed work teams.** Harford Duracool's quality efforts continue to go well: it has reduced both field warranties and the cost of quality (which is now less than 1 percent). The quality improvement teams (QIT) are evolving to self-directed work teams. Initially, the employees received formal training in self-directed teams from Jim Wilburn at Harford Community College. Now the production supervisor is providing additional training to the self-directed teams. The teams should be fully operational by end of 1997.
- **Tom Peters (revisited).** Mead, Harford Duracool's top managers, several team members, and the sales staff recently went to a Tom Peters workshop. The take-away message from the workshop was that quality is the price of admission, business success now requires a company to WOW its customers. Just as they did after the first Peters seminar that began Harford Duracool's journey, Mead and his people met the next day to begin formation of a formal program with the WOW message. They plan to establish a prototype process. If that works, they will then diffuse it to the rest of plant.

Mead and his investors are looking at possible acquisitions to enable growth – something that could not be done as division of Harford Systems.

Contact

Arley Mead
President
Harford Duracool, LLC
P.O. Box 1026
Aberdeen, MD 21001
Phone: 410/272-9999
Fax: 410/272-8508

Case Studies

Most service providers elect to focus on a relatively few speciality areas; for many providers, maintaining a competency focus is a sound business strategy. Three of this publication's case studies were chosen as exemplars of best practice in a given area. Each of these programs maintains a competency focus:

- **Alpena Community College** upgrades the skills of the workforce in order to bring economic development to rural and isolated northeastern Michigan. It develops customized training to meet the specific needs of the companies it serves, and has been able to effectively coordinate the delivery of workplace literacy and technical training programs. Its curricula reflect the real-world demands of the workplace even in programs for traditional students.
- The **Maryland Center for Quality and Productivity (MCQP)** was originally established to help improve the competitiveness of the Maryland economy by encouraging management practices stimulating improved productivity, quality of working life, and labor-management cooperation. The center has since evolved and now focuses on Total Quality as a means of achieving its goals. MCQP's comprehensive approach to Total Quality helps its clients build the ownership and commitment critical to both short-term and sustained results.
- **Philadelphia Area Labor-Management Committee (PALM)**, originally established to deal with plant closings and the loss of jobs, has evolved to become the Delaware Valley's resource for labor-management cooperation. The foundation of PALM's effort is built on 1) neutrality in support of labor-management cooperation; 2) the consistent use of a problem solving *process* in which PALM serves as a convener and catalyst; 3) an emphasis on data-based decision making; and 4) a focus on issues that will pull people together. PALM's strategy results in cooperative efforts that improve the skills and productivity of workers and management, stimulate regional economic development, and strengthen existing industries.

Case Study Sites

- **ACC: Alpena Community College**
- **MCQP: Maryland Center for Quality and Productivity**
- **PALM: Philadelphia Area Labor-Management Committee**

All of the case studies are written in the present tense based on what we observed at the time of the original site visit (between fall, 1994 and fall, 1995). To capture any changes in the case sites that occurred between when the case studies were conducted and the preparation of this publication, case study updates were prepared in April 1997. The updates, presented at the end of each case study, capture the current status of the organization.

Alpena Community College

Key Features

- **Application of workplace literacy program techniques to traditional education classes**

Services Provided

- **Workplace literacy**
- **Customized training**
- **Credit and degree programs**

Seventy miles from the nearest freeway, Alpena is the largest city north of Saginaw on the east side of northern lower Michigan, a rural, sparsely populated, geographically isolated area. With a population of 13,000, it serves as the center for commerce, education, health care, hospitality, and culture for the surrounding rural area. Though a resort setting during the summer and fall, Alpena is an industrial town with an organized workforce that is not immune to the persistently high unemployment and poverty levels, and low educational attainment that characterize the entire region.

Alpena Community College (ACC) is the only institution of higher learning for 100 miles in any direction. Established in 1952, the college serves five counties covering 3,000 square miles, an area roughly equivalent to the size of Delaware and Rhode Island combined. ACC serves a total student body of about 2,400 students, and has an annual operating budget of $7.6 million. It receives about half of its funds from state allocations, 13 to 15 percent from local tax support, and 35 percent from tuition. Contract services from local industries, as well as competitive funding from state and federal government, supplement these funds.

ACC has two major client groups: 1) traditional college-age students (53 percent of the student body) who enter ACC to receive an associate's degree or transfer ACC credits to a four-year educational institution; and 2) non-traditional adult students (32 percent) who attend the college part-time, taking classes in the evening while holding jobs during the day. Now a third group is emerging: adult students who are taking ACC taught non-credit training or workplace literacy classes at the workplace. In fact, non-credit customized training and workplace literacy programs for area businesses and manufacturers is one of the fastest growing service areas at ACC.

While enrollment among traditional students taking credit classes has leveled off over the past five years, adult enrollment in non-credit workplace classes has grown dramatically. Six years ago, ACC had no customized training or workplace literacy programs. Today, roughly 15 percent of students attend customized classes held on site at the workplace. (For the first time, the average age of ACC students exceeds 30 years old, a reflection of the trend toward serving non-traditional students in customized training classes at the workplace.)

ACC is committed to bringing economic development to rural and isolated northeast lower Michigan. Its curriculum is changing to reflect the real-world demands of the workplace, even in the curriculum for traditional students. Both future and current workers are being better educated and trained to work in Alpena's industries of tomorrow.

Program Description

ACC recognizes that workplaces are changing, and that it has to be part of the effort to

upgrade the skills of the area's workforce. Businesses and industries regard ACC as a partner in their efforts. Because ACC is local, always there, and accountable, the relationship between the college and the area's businesses is a positive one. One successful ACC program leads to another request, as Alpena's companies attempt to adopt high performance work practices.

ACC has been and is delivering workplace literacy services through three successive grants from the U.S. Department of Education's National Workplace Literacy Program (NWLP). All classes are customized to meet the specific basic skills needs of the workers and are delivered on site at the workplace. ACC's workplace classes in reading or math are customized to the job requirements and needs of the student/workers at the specific workplaces. ACC often uses materials from the workplace in instruction, teaching, for example, math skills using a particular workplace tool or instrument.

Some of ACC's workplace literacy programs have been linked to company restructuring or labor-management relations efforts. ACC's workplace communications instructor is currently working with a company that is instituting self-directed work teams in a small, self-contained coremaking process. As part of the NWLP grant, ACC is building employees' teamwork skills, while also teaching communication and problem solving.

In another company, workplace literacy classes on communication and problem solving have become the vehicle for resolving tensions between management and a newly formed union. The classroom instructor required students, as a group, to develop a plan for improving the workplace, and then presented it to the president of the company. The course had employees/learners study the pros and cons of the suggested improvement, master problem solving skills, and find effective ways to communicate the idea to the president. Several of these class projects have been adopted as part of the company's quality effort. The classes, in which all employees have participated, are helping defuse labor-management tension that resulted in the recent formation of a union. The company is planning to create a video for new worker orientation, an idea developed by a problem-solving class of new hires.

The Michigan Jobs Commission, a state agency developed to meet the needs of the business community, serves as a source of funding for ACC's customized training efforts. ACC has used this money to develop and deliver language classes in Workplace Russian and Workplace Spanish; have computer training classes in basic keyboarding, D-base programming, specific software applications, and intermediate and advanced word processing; and welding, blueprint reading CNC machining, and Computer Aided Design (CAD). ACC has also offered a program based on the teachings of Deming, called *The Changing Workplace*.

ACC's workplace literacy and technical training classes are coordinated by a single staff person who oversees both programs. This coordinator is able to add a workplace literacy component to technical training when he discovers employees' basic skill levels are too low to fully master the technical training. Likewise, he can help a company add technical training to its workplace literacy program when increased basic skills motivates both employees and their managers to take on new skill challenges. While ACC doesn't offer an *integrated* curriculum (which would not be allowed under the NWLP regulations), it can and does offer *coordinated* services.

ACC is using the knowledge and skills it has gained working with adult students at job sites to change its curriculum for traditional college-age students, to better reflect real-world problems and problem-solving techniques. ACC has used its regular instructors in off-campus classes, rather than using specially contracted instructors, as most other colleges do. The instructors here have taken their experiences in the workplace and have used them to shape the curriculum of regular college classes for traditional students.

For instance, the lessons derived from the development of a non-credit workplace math class led to the creation of a for-credit, applied mathematics course that is now a requirement for all drafting and concrete technology students. Similarly, a for-credit course in applied physics was developed from an effort to teach academic theory in an applied context. A for-credit course in applied communications has also been developed, and is a requirement for an Associate's in Applied Science (auto body, drafting, machine tool).

Results

ACC's NWLP has served nearly 500 workers since 1991. In the next three years, under a new three-year grant, it will serve an additional 500 workers at eight sites (a large manufacturer, five small to mid-sized manufacturers, a specialty paper mill, and a plating company), as well as 350 farm families through the Alpena County Farm Bureau cooperative. (Farming is a key industry in this community, with beans, dairy, beef, grain, hay, poultry, potatoes, hogs, and fruit all produced in Alpena County.)

ACC's NWLP classes build worker demand for more classes. NWLP classes are beginning to serve as "feeder" programs to ACC's degree programs as well as to other workplace training. For example, the math instructor is using laptop computers to teach job-specific math skills; this instruction will also serve as a bridge to further training in CAD. Another instructor is teaching reading to group home service providers who work with developmentally disabled adults. A number of these workers had enrolled in ACC's new Human Services associate degree program, but found that they needed to brush up on their reading skills in order to complete college assignments. A NWLP class is now being delivered on the job, using a job-related literacy curriculum; but ACC hopes that some of these learners will enter the college degree program in the future.

ACC's customized training programs are also a success. Customized training serves 50 to 60 businesses and 1,200 to 1,800 workers per year. The *Changing Workplace* seminar has attracted more than 3,000 area workers over the past five years.

History

When ACC began more than forty years ago, its primary emphasis was serving traditional students as part of the K-14 school system. In 1959, ACC was accredited by the Michigan Commission on College Accreditation and started granting associates degrees in arts, commerce, and science. Four years later, ACC received full accreditation from North Central Association of Colleges and Secondary Schools. In 1979, the college separated from the school district, and is now governed by the ACC Board of Trustees.

A key, long-term relationship exists between the Besser Company, the world leader in concrete blockmaking equipment ($50 million in annual sales, presence in 90 countries, 1994 winner of President's E-Star Award for sustained excellence in exporting) and ACC. Besser company and ACC have teamed up for two decades to offer a series of nine training modules called *Blockmakers Workshops* to all Besser customers. An estimated 10,000 people from 30 countries have come to ACC to take this certificate training program over the past twenty years. Recent trainees include contingents from Russia, Vietnam, and Saudi Arabia.

But customized training, as it exists at ACC today, did not begin until 1988, when Lafarge-Systech Corporation, an international producer of Huron-Portland cement, bought National Gypsum's Alpena facility. Before embarking on a $60 million capital improvement plan, which would dramatically modernize the manufacturing facility, LaFarge directors approached ACC about designing a customized training program to meet the needs of the changing workplace.

ACC was able to respond, and its current programs grew from that initial request.

In 1991, ACC received a national demonstration grant from the U. S. Department of Education's National Workplace Literacy Program (NWLP) to provide basic skills literacy services at the Besser Company and Fletcher Paper Company, a local manufacturer of specialty-paper products. ACC's Workplace Partnership Project has since been re-funded twice, and is now delivering services to a broad range of local employers representing health care, agribusiness, service and retail, as well as manufacturing.

Structure

ACC's administrative structure reflects two emphases. Under the president of the college are two executive officers: one for academic programs for traditional students, and the other for workplace programs, including classes offered in the workplace and other contract work (fee for services). A single coordinator oversees both the workplace literacy program and the technical training program. ACC uses its regular instructors in off-campus classes.

The NWLP is a partnership between the college and several other groups, including the union representing 250 service providers in 21 adult foster care homes across the college's service district; the Alpena Chamber of Commerce, with 450 small businesses from the service and retail sector; and the Thunder Bay Labor Council, which represents most of the workers in area's manufacturing facilities.

Keys to Success

There are a number of lessons that ACC can pass on to those who want to replicate its success:

- **Build trust.** In rural areas, trust is very important. People lack the anonymity that can be found in large urban areas. In Alpena, as in other rural areas, delivering on promises is critical, because these promises are made to friends, neighbors, and associates. ACC, therefore, is especially concerned that it meet its commitments to the businesses, industries, and unions in its service district. Maintaining a sense of trust and goodwill also requires that ACC deliver high quality programs, and follow through on a timely basis. Quality and timeliness are needed to prevent inertia within the client businesses, and frustration among the workers and potential students.
- **Customize programs.** Training objectives must be tied to company business objectives, and reflect company and employee needs. ACC worked with businesses, industries, and unions in the community to customize curricula to meet the needs of the worker learners. This focus on meeting learners' needs has now influenced the traditional college curriculum. Now, rather than focus on delivering a standard curriculum, regardless of students' needs, ACC is customizing courses, and trying to meet the needs of a diverse student body.
- **Teach in a workplace context.** Workplace literacy training curricula, structure, and delivery methods should reflect the workplace and its requirements. Using a "functional context approach," with basic skills taught in the context of workplace job tasks, increases participants' motivation and ability to learn. Functional context instruction also increases training's effectiveness because it makes it easier for employees to transfer learning back to the job, which increases the training's value to employers.
- **Customize assessments.** Student assessments should reflect the functional context approach to instruction. Rather than using standardized achievement tests that are irrelevant to work-based learning, ACC uses customized assessments that assess work-based learning rather than general academic skills or test-taking skills. These assessments include portfolios of student's work.

criterion-referenced tests, and performance demonstrations.

- **Conduct evaluations.** NWLP guidelines require that awardees employ a third-party evaluator. The evaluation design can vary, though. ACC worked with its evaluator to design an evaluation that would reflect the objectives of the program. Multiple evaluation measures were used to gauge participant satisfaction, performance gains, and the quality and effectiveness of the program. Management, supervisors, union representatives (where applicable), and students evaluated the program's effectiveness and responsiveness to their needs. Project staff also conducted their own formative evaluations, surveying students about the long-term impact of the program on their attitudes toward lifelong learning, community involvement, family, or job status. These data were used to inform and modify the program.
- **Hire skilled staff.** ACC staff demonstrate an understanding of adult learning, adult education principles, and literacy instruction. Not only are they highly educated in their disciplines, but they have also internalized the goals of the program. Moreover, the expertise of each staff person complements that of the others.
- **Find visionary leadership.** ACC's leaders are committed to bringing economic development to rural and isolated northeast lower Michigan. ACC is making work-based learning part of all college curricula, so that instruction is relevant and meaningful to students and potential employers.

Issues to Consider

ACC's continued success requires that it address a number of issues, including:

- **Institutionalizing the program.** ACC and the small businesses it serves lack the resources to institutionalize the college's NWLP program. Yet the need is there. ACC's workplace literacy program relies on the NWLP funding, which is only available for a three-year period. NWLP funding is not designed for program maintenance, but for demonstration and evaluation of effective workplace literacy practices. It cannot be used for long-term service delivery.
- **Coordinating workplace literacy and technical training.** Research tells us that technical training and workplace literacy education are most effective if integrated. Basic education is more meaningful if it is taught directly in the context of the workplace or in support of technical training. However, the funding guidelines of the NWLP prevent integration of technical training with workplace literacy instruction. The workplace literacy program is to be separate; technical training during workplace literacy classes is strictly forbidden under grant guidelines. Literacy and technical training coordination occurs at ACC because the NWLP and contract services, including state-funded training programs, are both overseen by the ACC administrator in charge of non-credit services.
- **Using technology.** Distance education technology could be useful as ACC opens up classes in more remote areas of its service district, including the former Wurtsmith Air Force Base (which closed two years ago). At the moment, ACC lacks a coordinated plan for using existing, albeit limited, resources in computers, e-mail, and interactive video. Instructors are still commuting from Alpena to deliver instruction to satellite locations.

UPDATE

Alpena Community College's success in workplace literacy was made possible by three successive National Workplace Literacy Program (NWLP) grants, each with a different partner. The NWLP initiative is ending, so ACC is searching for additional sources of revenue.

Drawing on relationships with the various partners established through its three literacy grants, ACC is having success with two new training programs (which are not literacy programs): 1) ISO and QS 9000 consulting, and 2) a one-stop center for safety training. ACC staff believe certain companies will pay for some of the programs that were developed under the NWLP grants, but that smaller companies will not be able to afford this training without the federal support.

ACC's use of full-time academic faculty to present its workplace literacy courses not only helped reinforce an applied academic curriculum, it has also prevented any major changes in staffing (to date) as a result of the loss of grant funding. There are some grant-funded staff, however, whose employment is contingent on finding additional sources of revenue.

Contact

Donald MacMaster
Director, Workforce Development Project
Alpena Community College
666 Johnson Street
Alpena, MI 49707
Phone: 517/356-9021 ext. 344
Fax: 517/354-0698

Maryland Center for Quality and Productivity

Key Features

- **Work restructuring**

Services Provided

- **Consulting and technical assistance**
- **Manufacturing quality and productivity assessments**
- **Information and learning services**

The Maryland Center for Quality and Productivity (MCQP), a non-profit outreach arm of the Maryland Business School, University of Maryland at College Park, is an internationally recognized center for training, technical assistance, and applied research in the areas of quality and productivity improvement. MCQP was originally established in 1977 to improve the competitiveness of the Maryland economy by encouraging management practices that stimulate improved productivity, quality of working life, and labor-management cooperation. Over the years, MCQP has adopted a focus on total quality as a means of achieving this original goal. MCQP is committed to "supporting the long-term economic health of Maryland and the region by inspiring and assisting in the implementation of positive organizational change leading to accelerated continuous improvement" of work processes and products.

Initial funding for the center ($60,000) came from the University of Maryland, at the request of then Governor Hughes. The original vision for center funding called for an even split between private contracts, state funding, and federal funding. The center's current funding mix is 1/4 private contracts and 3/4 state contracts.

Since its inception, MCQP has drawn on the advice and expertise of management, labor, state government, higher education, and professional associations. MCQP's director, Dr. Tom Tuttle, continues to maintain active links to leaders in business and state economic development, labor (through a strategic alliance with the Maryland Labor-Management Committee), an international network of productivity centers, and the university. These linkages continue to play a key role in defining MCQP's direction and identifying emerging service opportunities.

Program Description

MCQP services are designed to help companies improve quality and productivity, and then disseminate the lessons learned to other firms and service providers. MCQP services fall into three areas: consulting and technical assistance, manufacturing quality and productivity assessments, and information and learning services.

- **Consulting and technical assistance.** MCQP's status as an exemplary work restructuring service provider is based in large part on its comprehensive approach to total quality as the foundation for continual improvement. A consistent, three-phase approach to the implementation of total quality guides the center's consulting and technical assistance services.
  - **Phase I** focuses on educating and training top management, and cascading the company's understanding of and approach to total quality to all managers and staff. This phase lasts approximately six months. There are two steps in phase one.

    Step one involves the creation of a steering committee made up of the CEO and his or her direct reports. The steering committee is given reading materials,

videos, and other introductory information in order to get a grounding in basic quality concepts. Then the committee is divided into different "action teams" charged with developing a company vision/mission, and a company quality policy explaining why total quality makes sense for the company.

Center staff facilitate the steering committee's efforts, helping to set agendas for the steering committee meetings and providing content for the steering committee's discussions. Center staff also put together workbooks for the action teams charged with the various tasks (e.g., develop a quality policy, conduct a cost of quality analysis).

Step two is the development and implementation of a training program to introduce the company's total quality effort to all managers and staff. The training program addresses why total quality is an issue for the client company, what total quality is, and how total quality will be implemented in the client company.

The center provides the basic shell for a two-day training program. Many of the modules are standardized, while other sections come from the work done by the steering committee's action teams in step one of phase I. Center staff emphasize that it is important that the *why* and *how to do it here* portions of the training be conducted by company management.

Preparing managers in small and mid-sized businesses to conduct these sessions often presents a unique challenge to the MCQP consultants. A review of center projects indicates that as client companies cascade training, many companies tend to break the two-day program into two introductory 1/2 day sessions, and wait to use the remaining day of training on quality tools with teams in phase two.

- **Phase II** involves the creation of quality leadership teams in each department/area in the company. These teams develop action plans around ten action elements in order to improve company quality. Center staff recognize a flaw in this approach: it reinforces organizational silos. Drawing on the lessons of re-engineering change efforts, the center is working with several clients to create action teams addressing improvements in cross-functional processes. For example, Mack Trucks (a center client) has created business teams composed of representatives from several different departments in the company.
- **Phase III** includes two continuing roles for center staff. One role is to align the control systems (e.g., recruitment, performance evaluation, compensation) with

Four Elements to Total Quality

- **Philosophy:** quality first; customer focus; prevention; management by fact; continuous rapid improvement; mutual respect.
- **Business strategy:** vision; mission (purpose, strategies, values, behavior standards); external analysis (customer value requirements, stakeholder expectations, driving /restraining forces); internal analysis (strengths, weaknesses, driving/restraining forces); planning assumptions; key results areas (baseline measures); goals; objectives; structure; budget.
- **Culture change** (dimensions for leadership action): sustained commitment; communication; teams; identification of opportunities and problems; problem resolution; visible performance measurement; development of people; recognition; celebration; quality goals.
- **Management process** (tools and techniques): structure for transition (steering committee, quality leadership/action teams, individuals, facilitators); processes (quality improvement process, problem solving process, OFI process, cost of quality); tools (seven basic tools, statistical process control, quality function deployment, affinity diagram, etc.).

the quality process. This service acknowledges that the impact of total quality is limited if the organization's systems are working at cross-purposes with the quality effort.

The second role is to conduct periodic, comprehensive assessments of the company. These assessments evaluate the quality effort's progress and identify further issues that need to be addressed in order to enhance the company's competitiveness. The center also provides training to enable client companies to conduct their own periodic assessments.

The service packages available from MCQP range from full-scale deployment of total quality throughout the company, to project work on single elements in the quality model. Increasingly, MCQP consultants are called upon to do the smaller scale project work. One reason for the increase in project work is clients' desire to see immediate results from any consulting project.

This push for quick results affects the approach taken to working with clients. For example, MCQP consultants working on a defense conversion contract started with top management education, but were confronted by management demands for quick results. The consultants had the steering committee identify the high priority processes related to the company's strategic plan, and select one process that management was willing to devote resources to as an action learning model.

- **Manufacturing quality and productivity assessments.** MCQP, in conjunction with the Department of Economic and Employment Development (DEED), conducts quality and productivity assessments for small and mid-sized Maryland manufacturing firms. These assessments review a variety of elements that contribute to firm productivity (e.g., plant layout, technology, information systems, reward and recognition programs). Three levels of assessment are offered:
  - **Mini/self assessment plus.** MCQP provides its clients with company self-assessment forms to be completed by the CEO and appropriate staff. MCQP consultants then spend one day on site gathering and reviewing the completed self-assessment data forms, and participating in a plant tour. Based on data from the self-assessment forms and observations by the MCQP consultant, MCQP consultants prepare a brief report outlining findings and recommendations. In a follow-up planning session, MCQP and company management review the report and discuss actions for the management team to consider.
  - **Mid-range assessment.** MCQP consultants spend two days on site, collecting and reviewing company performance data. While on site, MCQP consultants interview a limited sample of personnel representing key functional areas, and tour the plant facility. MCQP consultants prepare a written report addressing findings and recommendations on specific functional areas, or a general overview of the company, whichever is appropriate. In a follow-up planning session, MCQP consultants and company management review the report and discuss actions for the management team to consider.
  - **Full comprehensive assessment.** MCQP consultants spend three to six days on site conducting a complete quality and productivity assessment. In a full comprehensive assessment, MCQP consultants evaluate all functional areas. MCQP consultants interview select employees in each functional area, collect company performance data, and undertake an in-depth plant tour of all functional areas. MCQP consultants prepare a comprehensive report, based on the findings and recommendations of the consultant. In a follow-up planning session, MCQP consul-

tants and company management review the report and discuss actions for the management team to consider.

Based on the assessment results, the center can act as a broker to link the firm to an appropriate resource (e.g., private consultant, faculty member, center staff member, or other university research and extension centers) that can provide the needed assistance. In practice, MCQP is not frequently called upon to serve as a broker to other service providers in follow-up to an assessment project.

ISO 9000 Consortia. The Baltimore office responsible for the assessment service also operates ISO 9000 consortia in three different regions of the state. Each consortium brings together a group of firms to learn about ISO 9000, assesses each company's status vis a vis the standards, and develops and implements a plan to prepare each firm for ISO 9000 certification. Each firm pays a fee to participate in the consortium, with the state providing matching funds. Through a technology reinvestment program grant, MCQP's Baltimore office also provides assistance to firms attempting to convert from a defense to private sector customer base.

- **Information and learning services.** The center provides a variety of information and learning services as part of its effort to disseminate information and knowledge. These include:
  - **Annual quality conference and awards ceremony.** MCQP partners with the American Society for Quality Control to sponsor an Annual Quality Conference. MCQP administers the U.S. Senate Productivity Award for the state of Maryland whose winners are honored as part of this annual conference. The conference workshops focus on timely quality issues pertinent to organizations engaged in continuous improvement. The conference and awards ceremony showcase the statewide support for quality in Maryland, and recognize organizations that have made significant strides in their continuous improvement efforts.
  - **Membership program.** MCQP's membership program provides a forum for organizations interested in quality to network, gain practical insights, and address critical quality improvement concerns. Member benefits include monthly mailings on total quality implementation issues, quarterly meetings, networking opportunities, and discounts on center programs.
  - **Quarterly newsletter.** The *Maryland Workplace* highlights success stories, spreads productivity improvement strategies, reviews relevant books, and provides meeting notices. It is distributed free of charge as a public service to stimulate awareness of continuous quality improvement and to assist organizations in the Maryland region with their quality implementation efforts.
  - **CEO Quality Forum.** MCQP sponsors a forum for CEOs to gain insights into the importance and functions of leaders in the continuous improvement process.
  - **Total Quality Coordinators Network.** MCQP links total quality coordinators together to enhance their ability to perform their functions. Activities include group idea sharing, discussion of topics of common interest, and networking.
  - **Ongoing workshops and seminars.** MCQP conducts an ongoing series of public and tailored in-house training programs.

Results

MCQP illustrates the difficulties of measuring success in a service organization. The basic measure of MCQP's success is survival. An evolution of services in response to changing market needs has enabled MCQP to survive, and is a critical finding of this case study.

Beyond survival, the types of measures cited by MCQP as indicators of success are counts of service delivery and customer satisfaction measures: attendance (over three hundred and twenty people attended the 1994 conference), membership (MCQP has thirty-eight corporate members), circulation (The *Maryland Workplace* has a circulation of 3,500), and contracts (MCQP conducted assessments with forty-one firms in 1994).

Periodic customer assessments conducted by MCQP show a high degree of client satisfaction. The Baltimore office uses a customer advisory panel to ensure its services meet customer needs. Similarly, the center director facilitates a network of corporate total quality directors who provide feedback on MCQP services. Linkages to other quality and productivity centers also provide forums for discussing the value of MCQP services and for identifying emerging service opportunities.

History

The evolution of MCQP illustrates how the practice of informed opportunism contributes to success. Through different distinct phases of its development – establishing the center (phase I) and shifting to a quality focus (phase II) – MCQP has benefitted from opportunities emerging from contacts made for other purposes.

- **Phase I: Establishing the Maryland Center for Productivity and Quality of Working Life.** A National Center for Productivity was created under the Carter administration, but was "sun-setted" and cut by the Reagan administration. To keep alive the spirit of the National Center, congress funded ten grants to establish state-level productivity centers in 1977. The Maryland Department of Economic and Employment Development (DEED) was awarded one of the ten state grants. That grant was the origin of the Maryland Center.

  DEED created an advisory board that brought together representatives from business, labor, higher education, and government. That board recommended the creation of the Maryland Center for Productivity and Quality of Working Life. The center's objectives were to provide technical assistance to companies, capture the lessons learned through this technical assistance, and disseminate information and knowledge. In essence, the center was supposed to conduct applied research and do missionary work in support of company productivity and the quality of working life.

  The center was to be housed at the Maryland Business School, University of Maryland at College Park. There was a fear that locating the center at the university would result in it becoming an ivory tower institution. To avoid this, the board that advocated establishing the center at the university also recommended the creation of an advisory board to oversee it. The advisory board was to have twenty-six members, with equal representation of labor and management, plus representatives of state government, education, and professional associations.

  The selection of the first advisory board was a milestone in the center's history. Key members of the first advisory board had significant political clout. This influence was critical, since survival was an early issue for the center. The advisory board went to then Governor Hughes seeking state funding for the center. The governor told the university to give the center $60,000 from its then-current funding (the state did not give the university the money). This is the only money the center has ever received from the university.

  At the time of this case study, MCQP had an inactive board. Once the center was up and running, it did not need the political clout of the original board members. Further, as services changed over time, the center began to work at a technical level

above the board's expertise. The director is moving to reconstitute the advisory board, with the new board composed of fewer members, primarily CEOs.

- **Phase II: The shift to quality.** In the mid-80s, the services provided through the center began to take on a quality focus. With the spread of Deming's philosophy showing that quality improves productivity, quality, not productivity per se, became the fundamental driver of center services. Today, the center continues to adapt its services to meet changing business needs by moving to link information technology to process improvement, for example.
- **The role of labor.** The original name of the center – the Center for Productivity and Quality of Work Life – emphasized the provision of services for management *and* labor. This reflected a recognition of the contribution of labor and management to company productivity. However, political actions and labor's uneasiness about the evolution of center services have limited labor's role in the center.

In 1983-84, the center received funding from the Federal Mediation and Conciliation Service to set up a Maryland labor-management committee. The center sponsored a kick-off meeting and started to pull together stakeholder meetings across the state. Two "political" events, not directly related to the center, caused labor to disassociate itself from MCQP, thereby decreasing labor's receptivity to the formation of a state labor-management committee.

In the mid-80s, as more and more companies began to use the label "quality of working life" as a justification for setting up non-union plants, quality of working life developed a negative connotation in the labor community. The halo of this negative connotation covered center offerings. Labor's uneasiness with the nature of center services did not diminish when quality became the

Milestones in the Shift to Quality

- In 1984, MCQP is asked to manage the U.S. Senate State Productivity Awards process for Maryland. Center staff developed criteria, training, site visits, etc. (The Baldrige Award did not yet exist.) The award put the center in touch with the state's leading business organizations, and gave the center name recognition among Maryland businesses. The award process and its associated annual conference provide a major marketing opportunity for the center.
- In 1985, MCQP receives its first major quality-related contract with the General Motors plant in Baltimore, obtained through the United Auto Workers (UAW). GM management had proposed using a video produced by Phil Crosby to introduce the GM quality program. Crosby's video was unacceptable to the UAW. The UAW sought the center's help in developing a video to introduce GM's quality program to local UAW members.
- In 1987, Forest Bem, the CEO of Corning, emerges as an advisor and mentor to the center. Mr. Bem drew on Corning's quality experience and its emphasis on management training to provide advice on the development of center materials and services. He advised center staff to work at the CEO level. That insight, combined with a clearly articulated quality process, generated a model for working with clients that provides credibility, and still guides center activities. The center's first total quality job using this model occurred in 1988 at Wesvaco, in southern Maryland.
- In 1989, Maryland establishes a technology extension program. To accelerate the pace of technological innovation, this program provided funds for conducting a quality and productivity assessment of a company (to be conducted by MCQP staff) identifying areas in the company that would benefit most from infusions of new technology. This program resulted in the center's first contract from the state of Maryland, and then to numerous contracts with small and mid-sized manufacturers. The organizational assessment remains a core center service.

fundamental driver for center activities. For many labor leaders, total quality is associated with efforts to increase productivity at the cost of jobs and on the backs of the remaining workers. Following Forest Bem's advice to start any quality program by working with management, and then move on to involve labor, did little to improve MCQP's image in the labor community. The decreased involvement of labor and the emergence of quality as the driver of center services was reflected by the center's official name change in 1987 to the Maryland Center for Quality and Productivity.

More recently, there has been a renewed interest in enhancing the involvement of labor in the center. The Maryland Labor-Management Committee began to share office space at the center. Both MCQP and the Maryland Labor-Management Committee believe that the best way for labor to be an equal partner with management is to have labor and management work together as part of a real organizational change effort. An approach that attempts to solidify labor-management relations and then address total quality will not produce the same results as an integrated change effort. The viability of this alliance between the center and the Maryland Labor-Management Committee will not be tested until a joint project is undertaken.

Structure

MCQP's director is responsible for setting MCQP's strategic direction and overseeing the administration of center activities. (Tom Tuttle is the first and only director the MCQP has ever had). The director maintains an active schedule of external contacts, to identify business opportunities and maintain a "sense of the market." The director serves as a professional consultant on select center projects. He reports to the Maryland Business School's dean, and is supported by two administrative staff, and two MBA and one PhD student from the Maryland Business School.

Three managers report directly to the director. The manager for assessments manages the Baltimore office of the MCQP. (This office includes two administrative staff, five professional staff, and one MBA student). The manager for information and learning is responsible for overseeing the MCQP seminars, workshops, newsletter, membership program, and annual conference. This manager also serves as a broker for a pool of six to ten adjunct consultants who may be called in to assist on MCQP projects. The manager for administration is responsible for all billing, human resources, and contracts. There is manager of research on the MCQP organization chart, but this is a vacant position. Additionally, until very recently, the center had a manager of consulting to direct what was supposed to be a profit-making group. However, the group did not make money, and was eliminated at the Dean's "request."

Keys to Success

Those wanting to replicate MCQP's success should follow these lessons:

- **Practice "informed opportunism."** MCQP has had to reconcile the conflicting demands of pursuing multiple business opportunities ("having a lot of irons in the fire"), while maintaining a consistent business focus. The MCQP director feels the center should do fewer things better, but the financial pressures of keeping the organization solvent always force the center to overextend. MCQP's "informed opportunism" allows it to focus on what it can do, while allowing it to follow opportunities as they arise.
- **Access a variety of sources to inform practice.** A prerequisite to practicing informed opportunism is the capacity to access a variety of networks for ideas and business opportunities. MCQP has been able to draw on the experiences of best practice obtained from administering the U.S. Senate

Productivity Award, the nuts and bolts of change based on its technical assistance to companies in need, and cutting edge research and practice garnered from university and professional contacts.

- **Work with CEOs.** In order to have an impact on a company, MCQP involves CEOs in any of its company change efforts. Many of its information and learning services are designed to maximize contact with CEOs and lay the groundwork for future business opportunities.
- **Create new services to keep abreast of the changing business environment.** MCQP has been able to translate the information garnered from its many contacts into state-of-the-art services to meet its clients' emerging needs. This can be seen in the evolution of services from its original focus on productivity, to quality, and then to information technology and process improvement. The use of a consistent, structured core methodology has helped MCQP maintain a clear understanding of what it is the center can do. This has strengthened MCQP's ability to develop new services and to customize services for its clients.

Issues to Consider

- **Ensuring funds and setting prices.** MCQP has benefitted from a consistent base of state funding: from initial funding during its start-up, to selection as administrator of the state quality award, and then to the Department of Economic and Employment Development funding for organizational assessments conducted by center staff. Increased competition for decreasing state funds threaten MCQP's programs. Moreover, state funding does not support all of the MCQP's activities. Pricing services to keep solvent, while making quality services accessible and affordable to small and mid-sized businesses is difficult, even for a non-profit service provider. MCQP was forced to restructure when the center lost money and used all of its cash reserves. At this point, MCQP is just breaking even.
- **Establishing institutional relations.** MCQP's status as a part of the Maryland Business School has been instrumental in its ability to successfully practice informed opportunism. The legitimacy associated with this affiliation, and the access it affords to networks of business experts and practitioners, are critical to the identification of new business opportunities. As a non-profit center within the business school, however, MCQP confronts problems similar to many small businesses:
  - **Selecting professional staff.** Where surplus cash is required to invest in a new position, and six months is needed before a new staff person can demonstrate productivity, mistakes in hiring are very costly. MCQP has underestimated the skills needed for success as a consultant working in a small firm serving small and mid-sized companies. Most MCQP staff have been come from large organizations, and are not used to being in a small organization (e.g., no support staff) or serving small businesses.
  - **Maintaining internal communication.** The MCQP director serves as a major sensor for market opportunities. This requires that he be out of the office a significant amount of time, and makes it difficult for internal staff to locate and talk to him. The communication difficulties extend beyond the director. MCQP staff tend to operate as independent consultants rather than as a cohesive team.
  - **Practicing what you preach.** MCQP has had difficulty applying the lessons it teaches clients to the operation of its own organization. MCQP had a gainsharing program designed for the center that included a number of precise performance measures (e.g., internal customer measures, audience impact), but the

program has never been implemented. MCQP also designed a customer satisfaction survey which has been piloted, but not used. A PhD student in the business school conducted a benchmark study of the Virginia productivity center to identify opportunities for improvement in MCQP. He also created a staff development plan for MCQP. Neither project has been implemented in MCQP.

UPDATE

MCQP has experienced both setbacks and growth, and through it all, continues to demonstrate the "informed opportunism" that has contributed to its past success.

- **Assessments.** MCQP's contract with the Department of Business and Economic Development (DBED) to provide organizational assessments to small and mid-sized manufacturing firms was terminated. Key decisions makers felt this was a mature process. They also did not believe the state should be in the consulting business. The two staff who conducted these assessments were transferred to engineering extension services within the university, and still work with MCQP.
- **Quality.** The trend to delivering more targeted process improvement activities (e.g., reducing set-up time) continues, with MCQP involved in fewer full-scale quality plans.
- **State quality award.** MCQP is making two significant changes in the state quality award. They are 1) adopting the Malcolm Baldrige National Quality Award criteria as the basis of the Maryland state award, and 2) implementing a tiered award, with the state award as the capstone, and other levels below that to recognize growth and development. MCQP is also working with the Hong Kong service center to develop a productivity award, and remains involved in the World Assembly of Productivity Centers.
- **Consortia.** ISO 9000 consortia remain in high demand, with over 200 companies participating in MCQP's consortia. MCQP is exploring the viability of using this consortia approach to help companies become certified for ISO 14000, an environmental standard.
- **Business school linkages.** In order to leverage the resources of the university, MCQP is trying to integrate its services with the other programs in the business school. This integration is occurring on a client by client basis rather than through a formal structure. MCQP's director, for example, set up meetings with various business school faculty to enable managers from GEICO, one of MCQP's clients, to talk about specific issues of concern to GEICO. MCQP staff are also conducting group field projects with students and faculty.

MCQP started in productivity, moved on to quality, and is in the process of developing a "third wave" of services revolving around a model of strategic (value) management. This new model draws on work the center is doing on customer value, and incorporates Brian Hall's work from Values Technology that links individual values to organizational values. The model attempts to account for the changing employment contract, the increasing importance of intellectual capital, and the continued centrality of the quality process. One of the challenges confronting MCQP is defining and packaging its "third wave" services.

Contact

Dr. Thomas Tuttle
Director
Maryland Center for Quality and Productivity
CBM/SPA Building
4th Floor
University of Maryland
College Park, MD 20742
Phone: 301/405-7099
Fax: 301/314-9119

Philadelphia Area Labor-Management Committee

Key Features

- Labor-management relations

The Philadelphia Area Labor-Management Committee's (PALM) goal is to promote labor-management cooperation as a key to a healthy company, industry, and community. PALM works at all of these levels to build trust and understanding between and within labor and business counterparts. This results in cooperative efforts that improve the skills and productivity of workers and management, stimulate regional economic development, and strengthen existing industries. Originally established in 1982 to deal with plant closings and the loss of jobs, the Philadelphia Area Labor Management Committee (PALM) has evolved to become the Delaware Valley's resource for labor-management cooperation. The five-county area covered by PALM contains a diverse workforce of five million people.

PALM is co-sponsored by the Greater Philadelphia Chamber of Commerce and the Philadelphia Council AFL-CIO. PALM's 80 plus members include manufacturing, construction and service firms, unions, employer associations, and non-profit organizations. Close working relationships with political, business, union, and civic leaders are instrumental to PALM's success. Almost $800,000 of PALM's approximately $1 million annual budget is generated through fee-for-service contracts, with the remaining $200,000 coming from membership dues and state grants.

Services Provided

- Membership services
- Education and training
- Industry services
- Worksite labor-management services
- Community services

Program Description

PALM's activities fall into five broad areas: membership, education and training, industry, worksite labor-management, and community.

- **Membership services.** PALM has seven or eight "super dues" large corporate members, and approximately 80 regular members. The dues structure for regular members – $500 for management and $400 for union – is scaled to attract smaller companies, who join PALM only if they see a direct benefit from membership. PALM's membership services consist of monthly newsletters, peer networking opportunities, and access to and discounts for PALM's other service areas.

  PALM actively services its current members. Maintaining an up-to-date, accurate mailing list is a critical component of effective customer service. PALM can sort its members by key variables, e.g., interest, task force membership. PALM has received a grant from the state to update its mailing list and database technology to strengthen its customer service capability.
- **Education and training services.** PALM sponsors education and training programs that reflect the interests of the labor-management community. Programs range from lunch-time seminars to three-day

conferences. PALM's education and training programs include

- **PALM forums.** Forums are bi-monthly seminars on issues of interest to PALM members. The two-hour luncheon meetings feature a short presentation followed by a discussion between the presenters and the audience. Five forums are held each year. While attendance at the forums varies, the maximum audience is about fifty.
- **PALM Network series.** The PALM Network is an on-going series of meetings attended by PALM members engaged in the practice of labor-management relations. Each session focuses on a topical issue, and participants share experiences, frustrations, and new ideas.
- **Training workshops.** PALM offers training workshops to enhance skills in specific areas selected by its membership. In past years there have been training workshops on negotiations and quality of work life. PALM also conducts ad hoc, more expensive training programs around member interests. For example, PALM sponsored a conference in which 70 speakers presented case studies of labor-management cooperation in the Delaware Valley.

Industry services. PALM's industry programs focus on the development of mechanisms to address industry-specific problems. The operation of the BUILT-RITE Construction Industry Program epitomizes PALM's efforts in this category. BUILT-RITE is the construction industry labor-management committee of the Delaware Valley. BUILT-RITE is an alliance of building craftsmen, contractors, and construction users, all committed to creating positive change in industry and worksite practices. BUILT-RITE's objectives are to help the industry deliver the best value for the construction dollar and to make the region competitive in attracting business development. BUILT-RITE is operated and staffed by PALM.

BUILT-RITE has three co-chairs, representing building owners, contractors, and trades representatives. Four task forces – health and safety, productivity and cost effectiveness, communications and program development, and refinery turnaround – meet regularly to identify issues of concern to the industry, and develop joint labor-management recommendations for addressing these issues.

BUILT-RITE's core service revolves around the operation of BUILT-RITE construction projects. BUILT-RITE boasts a growing number of construction sites publicly labeled "BUILT-RITE Projects." Building owner, contractor, and union participants have agreed to operate these projects on three basic principles:

- All construction work will be done by union workers (the only exception to this principle is third party contractors responsible for warranty work).
- Participants will use processes and strategies that facilitate problem solving and communication through regular worksite meetings focusing on safety.

Refinery Turnaround Task Force

The Philadelphia area is home to a number of oil refineries. Each refinery must periodically go through a "turnaround" in which equipment is updated. This turnaround is a massive construction job. If several refineries plan turnarounds in the same time period, it places a tremendous strain on the labor market in the Philadelphia area. The refinery turnaround task force was set up in February of 1989 after a disastrous British Petroleum turnaround. The objective was to develop common standards for conducting a turnaround, and establish a benchmark for the turnaround process. As a result of the task force's actions, all of the major refineries now share schedules to coordinate turnaround projects.

quality, schedule, and other issues of importance to the job. This cooperation takes place before, during, and after the construction job. PALM staff are involved in framing, implementing, and maintaining the worksite processes.

- Through BUILT-RITE, local unions will guarantee no work disruptions over jurisdictional issues on any BUILT-RITE project. (In construction, jurisdictional issues revolve around who is responsible for specific jobs. For example, all the wires and cables in an office building are enclosed in conduit pipe. There may be six or seven different types of wire and cable, each involving a different trade union. A jurisdictional dispute on which union's workers are responsible for pulling the lines through the conduit could stop work on a construction job. PALM maintains a file of jurisdictional issues. BUILT-RITE staff use these files to try anticipate and predict what jurisdictional dispute issues might come up on a job. PALM staff note, however, that changes in local union officers can alter the jurisdictional precedents captured in the files.)

Operating according to these precepts enables participants in BUILT-RITE projects to deliver on-time and on-budget construction.

BUILT-RITE: Structures and Processes

Before the Job: Initial project planning meetings are typically informal. However, more formal meetings may include:

- A pre-job meeting in which the building owner, contractor, designated sub-contractors, and unions meet to identify and resolve jurisdictional issues, and review the construction schedule, equipment lists, drawings, and models. Safety and project security are also discussed.
- Planning meetings at which the owner, contractor, and union management representatives are introduced to each other, set the ground rules for the project, and are briefed on the specific structures and processes used to establish an on-going, three-way line of communication among the owner, contractor, and labor on BUILT-RITE construction projects. This group also sets the agenda and meeting format (participants, time, frequency, and place) for the worksite communication process.

During the Job: As each trade union comes on board throughout the construction project, *orientation sessions* for craftsmen are held at the worksite to provide them with an overview of the project, discuss how BUILT-RITE's three-way line of communication will operate, and explain their role in the process. The critical element of the worksite program is the interaction between craftsmen and middle and upper level management. *Communication mechanisms* facilitating this interaction include

- Tool box meetings: These meetings include first-line supervisors, stewards, and craftsmen, and are conducted at regular intervals (usually weekly), on the worksite, and at a fixed time and place. Tool box meetings continue for the duration of the project. The objective of the tool box meetings is to provide a mechanism for information, ideas, and feedback about worksite progress and conditions to flow back and forth between the craft level and the management levels.
- Production committee meetings: These meetings include the owner's, contractor's, and unions' middle-management, and are a forum for monitoring adherence to schedules and troubleshooting any operational and design problems that may arise. The production committee meets regularly at a fixed time and place, and with a set agenda.
- Steering committee meetings: These meetings include the owner's, contractor's, and unions' senior-level management representatives, and are a forum for setting and maintaining policy, and for overseeing the general progress of the construction project. Meetings are usually held on a monthly basis, at a regularly scheduled time, using a set agenda.

After the Job: At the completion of a construction project, the members of the original planning committee meet for a post-job review. Participants review job performance relative to safety; productivity, schedule, and coordination; quality and workmanship; and other agenda items. The review provides a closure to the BUILT-RITE project.

The construction companies that elect to use the BUILT-RITE program tend to be large companies that do repetitive construction contracts. The minimum BUILT-RITE project tends to be $2 to $5 million. Building owners are generally the ones who initiate an effort to become a BUILT-RITE project. Owners pay for participation of PALM staff on a billable hour basis.

- **Worksite labor-management services.** PALM's worksite labor-management assistance encompasses organizational assessments, consulting services, customized training programs, and third-party facilitation. In keeping with PALM's organizational strategy of targeted pilot programs, a significant portion of its worksite services are currently devoted to working with public sector transportation and education unions. PALM's worksite services use the same principles that undergird the BUILT-RITE program. It is not surprising that the two services have a number of similarities:
  - **Worksite structures and processes facilitate problem solving and communication.** In the Southeast Pennsylvania Transit Authority (SEPTA) project, for example, PALM has trained and facilitates ten different committees or teams. This includes a SEPTA Steering Committee, productivity committees at several SEPTA facilities, and shop floor tool box meetings within each PALM SEPTA facility. These committees work from an agenda format similar to that used in BUILT-RITE.
  - **PALM field staff serve as mediators, allowing the communications/problem-solving process to function.** PALM staff do not make decisions; rather, they use a structured process to force others to make the necessary decisions.
  - **Established structures and processes are used to resolve conflict around jurisdictional issues.** For example, when the city of Philadelphia decided to create a department of fleet management, the new department's responsibilities overlapped with those of several existing departments. PALM helped facilitate a process that examined these departmental overlaps, and studied the possibility of privatizing certain services.
  - **PALM tries to get all stakeholders, at all layers of management, to buy into the program.** The importance of obtaining stakeholder support was made apparent in an early failed effort with SEPTA, when PALM was asked to leave after a change in senior management. When another change in management took place and PALM was asked to renew its work with SEPTA, PALM did an analysis of its previous failure. PALM realized it did not have middle management commitment in its first project, so PALM worked hard to get middle management on board for the renewed effort.

One of the most significant differences between BUILT-RITE projects and the projects within the worksite labor-management services program is the worksite project requirement that PALM customize its role to meet client needs. The traditional lines of management in the construction industry provide a consistency that decreases the need for customization in BUILT-RITE projects. Any unique aspects in a BUILT-RITE construction project are identified and handled in the pre-job planning meetings.

In contrast, each PALM worksite project is unique. Each project has to take account of the structure of the client organization and identify the issues that are important in that work environment. PALM staff use multiple methods – a mix of organizational climate surveys, and individual and group interviews – to conduct an organizational

assessment. The assessment helps to identify issues that pull people together, highlight potential land mines in the organization, and provide PALM staff the opportunity to introduce the project and PALM's approach to enhancing worksite communication, and ask for stakeholders' support.

- **Community services.** PALM's primary community service program is the transition assistance project. A cooperative program of PALM, the Advanced Technology Center of Southeastern Pennsylvania, the Philadelphia Department of Commerce, and the Philadelphia Private Industry Council, this project addresses the issue of plant closings and cut-backs from a labor-management perspective.

  A company experiencing business problems that may result in closing its facility can gain access to financial and technical assistance to help keep the facility open. Business assistance available through the PALM network includes market analysis, business plans, financial options, and employee ownership. If the facility cannot be saved, PALM focuses on developing a phase-out strategy for the company and on preparing workers for the future. PALM provides labor-management consultation to develop a joint company-union response to the close-out. PALM provides workshops and out placement services to help workers adjust to their job loss.

  PALM has worked with companies and workers representing over 2,500 laid-off workers. PALM's experience in this area has shown clearly that workers benefit most from early intervention and participation of both management and labor. Individuals in PALM programs have a shorter and less stressful period of unemployment than workers with no access to similar services; companies in PALM's programs have less sabotage and productivity decline at the worksite compared to companies that do not take advantage of similar assistance.

Results

PALM has earned its reputation as an exemplary labor-management program by designing and implementing programs that get results. PALM's results come from a focused vision for its programs, combined with effective operational and tactical activities that solve real problems at the worksite level. Improved working relationships, trust, etc. are by-products of effective problem solving. Examples of PALM's success can be seen in both its industry and worksite services:

- **Industry services**
  - BUILT-RITE work on construction sites has resulted in no work actions for 13 years.
  - As a result of the Refinery Task Force's actions, all of the Philadelphia's major refineries now share schedules to coordinate turnaround projects. To accomplish this, PALM uses PRO-CRAFT, a subscription service that projects as far as two years into the future specialized staffing requirements for construction projects in the Delaware Valley. This owner-fed, project management database provides information by both craft and month, allowing all subscribing parties to anticipate any staffing problems, whether a surplus or a shortage. Owners can plan their projects to accommodate the staffing available, while union business agents can, if needed, bring in craftsmen from outside the geographic area, and union personnel can place workers at the most appropriate employment opportunity.
  - There is an institutionalized joint effort around safety. BUILT-RITE developed a computerized database – Safe-Track – to collect and analyze safety incidents across construction jobs. This safety information has already been used to identify ways to reduce accidents. For example, when

the data indicated that inside vessel work was abnormally related to eye injuries, a labor-management committee developed magnetized metal strips that can be attached to craftsmen's hard hats, attracting metal that otherwise might have caused eye injuries. BUILT-RITE recently received a $500,000 grant to expand the Safe-Track program to a national effort.

- The refinery task force has developed a Process Safety Management training program for the OSHA standard of worker preparedness in petro-chemical plants. PALM helped develop a curriculum for the program, which is presented by OSHA-certified trainers. The owners provided the money for training materials, while workers contribute their own time in an eight-hour training certification program. The unions provide the instructors and the training worksites.
- All of the refineries have agreed to use a standard color of fire-retardant Nomex suit. This will enable workers to use the suits in more than one refinery and move quickly from one job site to another. This also represents a significant cost saving for employers.

Worksite services

- PALM received approval from SEPTA and the transportation workers union (TWU) to use work crews made up of multiple trades on some transportation maintenance projects, including repairing stairs and working on subway emergency exits. (The transportation workers union includes painters, mechanics, and electricians.)
- PALM assisted in the development and implementation, within the transportation department, of a system for tracking work performance that enables comparisons of public services with external service providers. This helped demonstrate the efficiency and effectiveness of public sector workers (and combat the threat of contracting out services now provided by public sector employees).
- A labor committee of bus operators and supervisors was formed at SEPTA to study the issue of fare evasion. The committee's recommendations are being implemented, with a significant reduction in fare losses to the system.
- PALM staff report seeing dramatic changes in the tool box and productivity committee meetings in one of SEPTA's utility shops. The union has taken on a more proactive role, coming to the meetings not just with identified problems, but with recommended solutions. The image of the utility shop within SEPTA has improved significantly.

History

A series of plant closings in the Philadelphia area provided the impetus for the Philadelphia Council AFL-CIO and the Philadelphia Chamber of Commerce to establish PALM in 1982. PALM was created to help deal with the loss of jobs (particularly union jobs). A one-year, Federal Mediation and Conciliation Service grant provided the initial funding to establish PALM. (The FMCS grant was for only one year; PALM cannot reapply. However, PALM helped write a Pennsylvania law allowing for renewable funding through MillRite, the Pennsylvania state labor-management committee.)

From its beginning, PALM's unique focus has been on fostering a positive labor-management relations climate as a foundation for economic development. PALM sees itself as an economic development agency. Labor-management relations is always a factor when businesses think about where to locate. Philadelphia's reputation for labor-management conflict used to drive businesses away from the area. PALM's executive director spent a significant amount of time during PALM's first year in one-to-one meetings with union and business leaders communicating

PALM's vision and soliciting support. Networking among stakeholder groups remains a critical part of PALM's activity.

The foundation of PALM's approach to labor-management relations emerged over time, in work with labor and management addressing real problems in specific organizations, industries, or the community. When major conflicts surfaced in the Philadelphia area construction industry in the early 1980s, PALM pulled together building owners, contractors, and Philadelphia building trade representatives who jointly developed a program called BUILT-RITE (see the section on services) to help address the root causes of this conflict. BUILT-RITE channeled conflict constructively by allowing the parties to sit together with a focused agenda to solve problems.

PALM is a small organization that cannot hope to affect all the industries or companies in the Philadelphia area. To maintain its focus and maximize its impact on the labor-management relations environment, PALM consciously and deliberately links organizational strategy, programs, and activities. PALM's organizational strategy is to work through pilot efforts in critical institutions (institutions whose labor-relations climate are visible in the community). PALM prefers to get a program up and running, and then leave and move on to another pilot. PALM identified seven critical institutions as viable targets for PALM pilot programs: public employees, public transportation, hospital and health care, construction, media, schools, plant closings and shutdowns. PALM is currently active in five of these target areas: schools, public employees, public transportation, construction, and plant closings and shutdowns. The other two target areas – media and health – have been unable to meet PALM's criteria to serve as pilot sites.

PALM's Guiding Principles

- **Demonstrate neutrality in support of labor-management cooperation.** When working in industries with a union, PALM works only with unionized companies in that industry. PALM also counts cards for National Labor Relations Board elections and makes presentations to AFL-CIO locals.
- **Consistently use a problem solving process in which PALM serves as a convener and catalyst.** PALM's problem solving process is a mechanism for getting labor and management to work together on a common problem. The process provides forums for focused and structured discussion.
- **Emphasize data-based decision making.** Data reduces the subjectivity surrounding issues. It can help to identify problems and focus attention on what needs to be done.
- **Select issues that will pull people together.** Data-based identification of issues important to both labor and management, and amenable to resolution through a problem solving process, is the heart of PALM's approach.

Structure

PALM's strategic direction is set by its executive director. He maintains an extensive schedule of external contacts, which provide a broad exposure to business, labor, and political leaders, and helps identify business opportunities that often result in the design of new service programs. PALM's associate director has primary responsibility for the administration of PALM programs and activities. PALM also has a staff member in charge of communications and public relations, and a cadre of project managers who are responsible for all site work.

Criteria for Pilot Programs

- **Financial resources:** The client has to be able to pay for the program.
- **Union and management participation:** Both union and management have to want PALM.
- **PALM capacity:** PALM has to have adequate staff coverage. PALM can form partnerships with other organizations on specific projects to expand its coverage.

PALM maintains a series of committees – refinery committee, productivity and effectiveness committee, safety and health task force, and communications task force – that address areas/issues of concern to PALM's members. Each staff person facilitates one committee.

Keys to Success

Replicating PALM's success requires attention to the following elements:

- **Provide visionary leadership and find a clear market niche.** PALM's visionary leadership provides a clear and consistent focus to its programs and activities. PALM's vision of stable labor-management relations as a pillar for economic development provides it a unique "market niche" – no other economic development agency concentrates on this relationship. PALM's leadership, taking advantage of its extensive stakeholder network, has used this vision to forge collaborations between business, labor, and government in selected program areas.
- **Have the support of management and labor.** PALM has to generate *credibility* by serving both union *and* business leaders. PALM generates credibility with labor and management by consistently behaving according to its guiding principles.
- **Be flexible within clearly defined criteria.** PALM has been flexible, responding to community needs in areas it can have an impact, while limiting activities to those that are consistent with its mission, and meet specific selection criteria.
- **Establish structures and processes for enhancing labor-management relations.** PALM establishes a consistent set of structures and processes to facilitate problem-solving and communication on its worksite projects. The effectiveness of these mechanisms reinforces PALM's credibility with labor and management.
- **Maintain self-sufficiency.** Funding is always a problem for any service provider; becoming self-sufficient is an issue of survival. While initial support from a Federal Mediation and Conciliation Service grant helped PALM to get up and running, PALM worked quickly to develop financial independence. Its vision and targeted program strategy were instrumental in helping it establish a market niche.
- **Attract and retain knowledgeable and committed staff.** PALM is a small organization. Getting the right staff is critical to its success. From its beginning, PALM has sought staff with backgrounds in training and economic development, not traditional labor-management relations. PALM has been able to attract young, aggressive staff, committed to PALM's vision. The staff's knowledge and understanding of PALM's process provides continuity to PALM programs.
- **Keep enhancing organizational capability and expertise.** PALM's organizational capability and expertise has been enhanced by responding to initiatives that have emerged throughout its history. PALM staff have shown a remarkable ability to figure out what needs to be done and make it happen. They freely "network, borrow, and steal" to find the right methods and tools to solve the specific problems confronting their clients.

Issues to Consider

- **Maintaining quality and self-sufficiency.** While PALM moved aggressively toward self-sufficiency at an early date in its development, it does not have a guaranteed customer base. Thirteen years has provided a foundation of personal relationships based on successful worksite programs. This credibility gets people to listen. PALM still has to deliver quality service every day on the job to maintain its credibility and demonstrate its value.
- **Balancing demand and capacity.** PALM's capacity to do the job is a key criteria in deciding to take on a project. PALM has shown a tendency to ignore negative

answers to this question, and may sometimes try to do too much given its limited staff. PALM must maintain a balance between the demand for its services and its capacity to deliver.

UPDATE

The Philadelphia Area Labor-Management Committee (PALM) continues to demonstrate the flexibility, focus, and resiliency required for success.

- **Membership.** PALM stopped operating forums and printing newsletters when the state cut its general funding in half, from $120 thousand to $60 thousand (out of a total budget of $1.1 million). Despite the termination of most of PALM's marketing activities, its membership has grown at 15 percent a year (PALM now has 115 members). While PALM considers getting companies, contractors, and unions to participate more actively in programs a significant challenge, its ability to provide proven direct service programs (e.g., tracking drug and alcohol abuse and safety incidents across companies in an industry) strengthens PALM's membership efforts.
- **Public sector.** PALM is still involved in SEPTA (although a change in leadership at SEPTA adds an air of uncertainty to the future of this program). PALM's heavy involvement in the Philadelphia schools represents a major new initiative in the public sector. PALM has helped establish 50 school-level labor-management committees. These committees deal with non-instructional issues (e.g., use of facility by outside groups, vandalism). The school team may include the principal, the building engineer, food service employees, security employees, students, and parents. The PALM problem-solving process, adapted from BUILT-RITE, helps develop better relationships among these groups. PALM also supports three standing committees, two for system-wide issues (absenteeism, facilities), and an executive committee. In addition, PALM's director often serves as a facilitator/broker between the superintendent and the president of the teachers' union over contentious issues. PALM's school initiative is funded by an FMCS grant that provides $50,000 in cash plus $70,000 of in-kind services through local FMCS staff working under PALM to facilitate the school committees. The school district provides additional funding to support PALM's involvement in the schools.
- **BUILT-RITE.** Ongoing BUILT-RITE projects include work at Lockheed, Sun, Smith-Kline, and Phillips. PALM has established a uniform drug and alcohol program for the construction industry in the Delaware Valley. BUILT-RITE maintains a data base that tracks the results of workers' drug tests, as well as any incidents of drug and alcohol abuse on construction jobs in the Delaware Valley. PALM's safety program received two more years of funding from the Center to Protect Workers' Rights. PALM is tracking work-related injuries that have taken place during six million work hours across three sites. The data is used to identify opportunities for improving safety. PALM hopes to use the grant resources and its relationship to the center to expand the tracking program to other sites in Philadelphia, as well as to four other cities in which the Center is working – Boston, New York, Chicago, and Morgantown – to spread safety best practices.

Contact

James Martin
Executive Director
Philadelphia Area Labor-Management Committee
414 Walnut Street
Suite 500
Philadelphia, PA 19106
Phone: 215/351-1180
Fax: 215/922-5666

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National Workforce Assistance Collaborative Advisory Groups

Stephen Mitchell
Project Director

Terri Bergman
Products and Services Manager

Board

Eunice Askov
Institute for the Study of Adult Literacy, The Pennsylvania State University

William L. Batt, Jr.
Consultant

Robert Baugh
Human Resource Development Institute

Clair Brown
University of California at Berkeley

Robert Fien
Stone Construction Equipment, Inc.

Evelyn Ganzglass
National Governors' Association

Marshall Goldberg
The Alliance for Employee Growth & Development, Inc.

Andy Hartman
National Institute for Literacy

Cathy Kramer
Association for Quality and Participation

David Pierce
American Association of Community Colleges

Jack Russell
The Modernization Forum

Benjamin Schneider
University of Maryland

Dennis Sienko
Consultant

Stephen Sleigh
International Association of Machinists

Pamela Tate
Council for Adult and Experiential Learning

Hugh Tranum
National Labor-Management Association

Benjamin Tregoe
Kepner-Tregoe, Inc.

Thomas Tuttle
Maryland Center for Quality and Productivity

Joan Wills
Institute for Educational Leadership

John Zimmerman
MCI

Employee Training

Chair
Pamela Tate
Council for Adult and Experiential Learning

Brian Bosworth
Regional Technology Strategies

Thomas L. Clogston
Boeing Defense and Space Group

Kenneth Edwards
International Brotherhood of Electrical Workers

Phyllis Eisen
National Association of Manufacturers

Wendell Fletcher
Congressional Office of Technology Assessment

Patti Glenn
Texas Instruments

Ruth Haines
National Institute of Standards and Technology

Janet Steele Holloway
Kentucky Small Business Development Center

John Hoops
National Tooling and Machining Association

Tom Huberty
Weiser Scott & Associates

Dan Hull
The Center for Occupational Research and Development

Victoria Kraeling
Southeastern Institute for Advanced Technologies

Arny Manseth
US West

Alfred Moye
Hewlett Packard

Frederic Nichols
National Coalition for Advanced Manufacturing

Joan Patterson
UAW/Chrysler National Training Center

Paula Reeder
Sallie Mae

Martha Reesman
National Center for Manufacturing Sciences

Lee M. Shrader, Jr.
Great Lakes Manufacturing Technology Center

Duc-Le To
U.S. Department of Education

Labor-Management Relations

Chair
Hugh Tranum
National Labor-Management Association

Nick Argona
Xerox Corporation

William L. Batt, Jr.
Consultant

Betty Bednarczyk
SEIU-Local 13

Barry Bluestone
University of Massachusetts

Rena Cross
Foamade Industries

Joel Cutcher-Gershenfield
Michigan State University

David Fontaine
Maryland Alliance for Labor-Management Cooperation

Pat France
Stark County Labor-Management Council

Robert Frey
The CIN-MADE Corporation

Maria Heidkamp
Wisconsin Labor-Management Council

Edsel Jones
Mapleton Local No. 7-7807

Robert Landsman
New York State School of Industrial and Labor Relations

Malcolm Lovell
National Planning Association

Charlene Powell
Kentucky Association of Labor-Management Committees

John Stepp
Restructuring Associates

Brian Turner
Work and Technology Institute

Earl Willford
Bureau of Mediation Services

Work Restructuring

Chair
Thomas Tuttle
Maryland Center for Quality and Productivity

Eileen Appelbaum
Economic Policy Institute

Mike Beyerlein
The Center for the Study of Work Teams

Jane Reese Coulbourne
Restructuring Associates, Inc.

John Dodd
Computer Science Corporation

Ned Ellington
Productivity and Quality Center

Michael Galiazzo
Regional Manufacturing Institute

Debbie Goldman
Communications Workers of America

Bruce Herman
Garment Industry Development Corporation

Robert King
Goal/QPC

Vaughn Limbrick
Society for Human Resource Management

Peter Manella
New York State Department of Economic Development

Arley Mead
Harford Duracool, LLC

Robert Meyer
Work in Northeast Ohio

Joe Rigali
Sanden International, USA

Jill Scheldrup
U.S. Chamber of Commerce

Maureen Sheahan
Labor-Management Council for Economic Renewal

Peggy Siegel
National Alliance of Business

Audrey Theis
Towson State University

Edwin Toussaint
Xerox Corporation

Workplace Literacy

Chair
Eunice Askov
Institute for the Study of Adult Literacy, The Pennsylvania State University

Judith Alamprese
Abt Associates

Lorraine Amico
National Governors' Association

Dale Brandenburg
Wayne State University

Linx (Helen) Crouch
Literacy Volunteers of America

Regina Guaraldi
Miami-Dade Community College

Karl O. Haigler
The Salem Company

Mary Ann Jackson
Wisconsin Technical College Board

Inaam Mansoor
REEP

Donna Miller-Parker
State Board for Community and Technical Colleges

Michael O'Brian
CertainTeed Corporation

James Parker
U.S. Department of Education

James Ryan
District 1199C

Anthony Sarmiento
AFL-CIO

Johan Uvin
Massachusetts Adult and Community Learning Services

Robert Visdos
NETWORK

Jo Ann Weinberger
Center for Literacy, Inc.

National Workforce Assistance Collaborative Products and Services

The **National Workforce Assistance Collaborative** offers an array of products and services providing information and assistance in four areas: employee training, labor-management relations, work restructuring, and workplace literacy.

Resource Listings

- *Resource Guide: A Key to Organizations Working in Employee Training, Labor-Management Relations, Work Restructuring, and Workplace Literacy* - A listing of national membership organizations and state program offices supporting workplace and workforce changes.

- *Workplace Literacy Publications: An Annotated Bibliography of Print Resources* - A workplace literacy bibliography.

Newsletters

- *Workforce Briefs* - A series of newsletters for businesses. Initial newsletters focus on: changes companies can make to increase their competitiveness, the value of training, ways to involve employees in company change processes, the need for and value of workplace literacy programs, new pay policies, the roles of employers and employees in career development, and starting a human resource department.

- *Business Assistance Notes* - A newsletter series for service providers. Initial newsletters focus on: the needs of small and mid-sized companies, state-level integration policies, implementing learning consortia, cost effective services, and organizational performance assessment.

Tools for Companies

- *Product Checklists* - Two checklists – for employee training and workplace literacy products – companies can use to determine whether particular assistance products follow best practice.

- *Interview Guides* - Four guides – for employee training, labor-management relations, work restructuring, and workplace literacy products – companies can use to interview and select appropriate service providers.

- *Selecting and Implementing Computer-Based Training* - Checklists and text to help individuals determine the most appropriate 1) training media, 2) type of computer-based training, and 3) computer-based training product or provider.

Tools for Service Providers

- *Delivering Integrated Services* - A publication, based on case studies of "best practice" sites, that provides insights into the best methods for delivering integrated services – services in the areas of employee training, labor-management relations, work restructuring, and workplace literacy – to small and mid-sized companies.
- *Delivering Cost Effective Services to Small and Mid-Sized Companies* - A how-to guide that highlights proven approaches for delivering cost-effective services to small and mid-sized companies.
- *Approaches to Forming a Learning Consortium: A Guide for Service Providers* - A how-to guide on forming learning consortia.
- *Identifying and Targeting Market and Customer Segments* - Information on how to identify and effectively market services to a local business community.
- *Assessing the Value of Workforce Training* - An introduction to assessing the value of training programs, focusing on quick and easy strategies.

Internet Services

- *Internet Listserv* - An electronic forum for discussing issues and sharing information on workforce and workplace development issues. To subscribe to NWAC-L, send an e-mail message to LISTSERV@PSUVM.PSU.EDU. Leave the subject line blank. The body of the message must contain only the following: subscribe NWAC-L YourFirstName YourLastName.
- *Gopher Server* - Online access to materials and products produced by the Collaborative as well as additional instructional and staff training materials, research, databases, bibliographies, program guides, reports, and articles concerning small and mid-sized businesses and the challenges they face. The Gopher Server address is INFO.PSU.EDU. After you reach the Gopher Server, open "Information Servers at Penn State," then open "Research Centers and Institutes" to find the National Workforce Assistance Collaborative Gopher site.
- *World Wide Web Home Page* - Information on the Collaborative and its products and services, as well as links to related information on the Internet. The Collaborative's world wide web address is http://www.psu.edu/nwac/index.html.

For more information on the Collaborative and its products and services, contact the National Alliance of Business, 1201 New York Avenue NW, Suite 700, Washington, DC 20005, phone 800/787-2848, fax 202/289-2875, e-mail NWAC@NAB.COM.

Products can be downloaded from the Collaborative's gopher server or world wide web home page, or ordered directly from the National Alliance of Business, Distribution, P.O. Box 501, Annapolis Junction, MD 20702, phone 800/787-7788, fax 301/206-9789, e-mail INFO@NAB.COM.

National Workforce Assistance Collaborative Partners

NATIONAL ALLIANCE OF BUSINESS
1201 New York Avenue, NW
Suite 700
Washington, DC 20005
Phone: 800/787-2848
Fax: 202/289-2875
E-mail: INFO@NAB.COM

Capital Area Office
1201 New York Avenue, NW
Suite 700
Washington, DC 20005
Phone: 202/289-2897
Fax: 202/289-2875

Central Office
9400 N. Central Expressway
Suite 1204
Dallas, TX 75231
Phone: 214/373-0854
Fax: 214/373-1941

Northeast Office
1 McKinley Square
Suite 600
Boston, MA 02109
Phone: 617/624-4190
Fax: 617/624-4195

Southeast Office
1 Midtown Plaza
1360 Peachtree Street, NE
Suite 710
Atlanta, GA 30309
Phone: 404/881-0061
Fax: 404/881-0006

Western Office
200 Oceangate
Suite 545
Los Angeles, CA 90832
Phone: 562/437-6112
Fax: 562/437-6142

COUNCIL FOR ADULT AND EXPERIENTIAL LEARNING
243 South Wabash Avenue
Suite 800
Chicago, IL 60604
Phone: Phone: 312/922-5909
Fax: 312/922-1769

Philadelphia Office
CAEL
1608 Walnut Street
Suite 1404
Philadelphia, PA 19103
Phone: 215/731-0191
Fax: 215/731-0505

INSTITUTE FOR THE STUDY OF ADULT LITERACY
The Pennsylvania State University
102 Rackley Building
University Park, PA 16802-3202
Phone: 814/863-3777
Fax: 814/863-6108

MARYLAND CENTER FOR QUALITY AND PRODUCTIVITY
CMB/SPA Building
4th Floor
University of Maryland
College Park, MD 20742
Phone: 301/405-7099
Fax: 301/314-9119

NATIONAL LABOR-MANAGEMENT ASSOCIATION
P.O. Box 819
Jamestown, NY 14702-0819
Phone: 800/967-2687
Fax: 716/665-8060

1201 New York Avenue, NW
Suite 700
Washington, DC 20005
800/787-2848

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